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USSR Report

CONSTRUCTION AND EQUIPMENT

No. 16



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CONSTRUCTION

HOUSING LEGISLATION PRINCIPLE AT USSR, REPUBLIC LEVELS

Moscow IZVESTIYA SOVETOV NARODNYKH DEPUTATOV SSSR in Russian 11 May 80
pp 2-3

[Draft of bases of legislation]

[Text] As a result of the triumph of the Great October Socialist Revolution in our country the indispensable prerequisites were created for solving one of the most important social problems--meeting the workers' need for housing.

Implementing Lenin's ideas of building communist society and pursuing the course of raising the material and cultural standard of living of the people, the Soviet state has consistently been carrying out a program of housing construction drafted by the Communist Party.

The high rates of development of the state and public housing stock on the basis of state plans and measures taken by the state to promote cooperative and private housing construction are creating a sound material and technical base for realizing the right of citizens to housing which is guaranteed by the USSR Constitution.

It is an important task of the state to see that the housing stock is preserved, to increase its life, and to improve the conveniences installed in housing units. Public organizations and private individuals are taking an active part in performing this task.

The USSR Constitution obliges citizens to take good care of the housing allotted to them.

It is the purpose of Soviet housing legislation to help citizens to exercise their right to housing and to promote efficient utilization and preservation of the housing fund.

Section I. General Principles

Article 1. The Right of USSR Citizens to Housing

In accordance with the USSR Constitution USSR citizens have the right to housing. This right is buttressed by the development and protection of the state and public housing stock, by aid to cooperative and private housing construction, by fair distribution, under public scrutiny, of the housing space to be allotted as the program for construction of well-equipped housing units is carried out, and also by low payment for housing and municipal services.

Article 2. Tasks of Soviet Housing Legislation

The tasks of Soviet housing legislation are to regulate housing relations in order to see that USSR citizens realize the right to housing guaranteed by the USSR Constitution and proper utilization and preservation of the housing stock and also to strengthen legality in the domain of housing relations.

Article 3. Housing Legislation at the Level of the USSR and the Union Republics

Housing relations in the USSR shall be regulated by the present Bases and by other acts of housing legislation of the USSR issued in accordance with them, by housing codes and by other acts of housing legislation of the union republics.

Relations that have to do with the construction of housing shall be regulated by the relevant legislation of the USSR and the union republics.

Article 4. The Housing Stock

Residential buildings located in the USSR and also housing space in other structures constitute the housing stock.

The housing stock consists of the following:

- i. residential building and housing space in other structures belonging to the state (state housing stock);
- ii. residential building and housing space in other structures belonging to kolkhozes and other cooperative organizations, their associations, trade union and other public organizations (public housing stock);
- iii. residential buildings belonging to housing-construction cooperatives (stock of the housing-construction cooperatives);
- iv. residential buildings personally owned by individuals (private housing stock).

The state housing stock is under the jurisdiction of local Soviets of People's Deputies (housing stock of local soviets) and under the jurisdiction of ministries, state committees and departments (departmental housing stock). The housing units of the departmental housing stock in cities and settlements of the urban type are subject to gradual transfer to jurisdiction of local Soviets of People's Deputies according to the procedure and by the dates set by the USSR Council of Ministers and the councils of ministers of the union republics.

Certain nonresidential structures carried on the books of housing-management organizations and nonresidential space in residential buildings set aside for commercial, consumer-service and other purposes of a nonindustrial nature, shall not be included in the housing stock. Costs involved in managing and repairing these structures and this space and also the material and technical support of their management repair shall be taken into account in planning the economic activity of housing-management organizations.

Article 5. The Purpose of Residential Buildings and Housing Space

The purpose of residential buildings and housing space is for citizens to live in them.

Official housing space is intended for occupancy by individuals who because of the nature of their employment relations must live at or near their place of work. Housing space is included among official housing space by a decision of the executive committee of the rayon, city or city-rayon Soviet of People's Deputies. The list of categories of personnel to whom official housing space may be allotted and also the procedure for use of such space shall be established by legislation of the USSR and the union republics. In the cases specified by the USSR Council of Ministers, official housing space may be allotted to certain categories of military personnel.

Dormitories may be used for workers, employees, students at the secondary or postsecondary level, and also other individuals to live in during a period of work or study; "dormitories" means residential buildings specifically built or adapted for these purposes. The procedure for allocating housing space in dormitories and for its use shall be defined by legislation of the union republics.

Residential buildings and housing space belonging to the state and public housing stock may be transferred to nonresidential space in exceptional cases by the council of ministers of an autonomous republic, by the executive committee of a kray or oblast Soviet of People's Deputies, by an executive committee of the Soviet of People's Deputies of an autonomous oblast or autonomous okrug, or city (cities under republic jurisdiction), and in a union republic not divided into oblasts--by the executive committee of a rayon or city (cities under republic jurisdiction) Soviet of People's Deputies. The purpose of residential buildings and housing space belonging

to the departmental and public housing stock is altered on the recommendations of the respective enterprises, associations or organizations.

It shall be prohibited to allocate space in residential buildings for purposes of an industrial nature.

Residential buildings and housing space may not be used by individuals for purposes of personal gain, to derive income not based on labor or for other mercenary purposes, nor may they be used for a purpose detrimental to the interests of society.

Article 6. Elimination of Residential Buildings and Housing Space From the Housing Stock Which Are Not Suitable for Further Use for Their Original Purpose

Periodically, at intervals established by the councils of ministers of the union republics, technical inspections shall be made of residential buildings and housing space in order to discover those which are unsuitable for further use for their original purpose. Residential buildings and housing space unsuitable as housing shall be demolished or adapted for use for other purposes by decision of the authorities indicated in the fourth paragraph of Article 5 of the present Bases.

Article 7. Jurisdiction of the USSR in the Domain of Regulating Housing Relations

The jurisdiction of the USSR in the domain of regulating housing relations shall extend over the following:

- 1) ensuring unity in legislation regulation of housing relations in the country;
- 2) establishment of the general principles governing the organization and activity of agencies for state administration of the housing industry;
- 3) supervision of the housing industry under Union jurisdiction, general supervision of the housing industry under union-republic jurisdiction;
- 4) the setting of planning targets for major repairs of the housing stock by union republics and USSR ministries, state committees and departments;
- 5) the conduct of a single technical policy in the domain of repairing the housing stocks;
- 6) establishment of allowances governing expenditure of financial and physical resources to operate and repair the housing stock by union republics and USSR ministries, state committees and departments;
- 7) establishment of a uniform procedure for the keeping of state records on housing stock;

- 8) establishment of the basic rules for keeping records on individuals who need improvement of their housing situation, on allocation of housing space and on its use;
- 9) establishment of a minimum allowance of housing space that is uniform for all the union republics and of standards governing additional housing space;
- 10) setting the level of rent and benefits related to payment for housing space and municipal services;
- 11) establishment of the basic rules governing the organization and activity of housing-construction cooperatives;
- 12) state oversight over the use and preservation of the housing stock and establishment of the procedure for exercising that oversight;
- 13) and settlement of other issues of all-union importance in the domain of using and ensuring the preservation of the housing stock in accordance with the USSR Constitution and the present Bases.

Article 8. Jurisdiction of the Union Republics in the Domain of Regulating Housing Relations

The jurisdiction of the union republic in the domain of regulating housing relations outside the limits of the jurisdiction of the USSR extends over the following:

- 1) legislative regulation of housing relations in the republic;
- 2) supervision of the housing industry under union-republic and republic jurisdiction, establishment of the procedure for the organization and activity of agencies for state administration of that industry;
- 3) the setting of planning targets for major repair of the housing stock in the republic;
- 4) the keeping of state records on the housing stock within the republic;
- 5) establishment of the standard allotment of housing space;
- 6) establishment of procedure for the keeping of records on individuals who need improvement of their housing situation, on the allocation of housing space and on its use;
- 7) establishment of the procedure and intervals for payment of rent and payment for municipal services;
- 8) establishment of rules and standards governing technical management of residential buildings and rules governing building grounds;

9) establishment of the procedure governing the organization and activity of housing-construction cooperatives and the rights and duties of their members;

10) exercise of state oversight over the use and preservation of the housing fund;

11) and settlement of other issues in the domain of using and ensuring the preservation of the housing stock unless they have been placed in the jurisdiction of the USSR.

Section II. Administration of the Housing Stock

Article 9. State Administration in the Domain of Using and Ensuring the Preservation of the Housing Stock

State administration in the domain of using and ensuring the preservation of the housing stock shall be exercised by the USSR Council of Ministers, the councils of ministers of the union republics, the councils of ministers of the autonomous republics, the executive committees of local Soviets of People's Deputies, ministries, state committees and departments which have housing stock under their jurisdiction, and also state agencies specifically authorized for this purpose in accordance with legislation of the USSR and the union republics.

Article 10. Administration of the State and Public Housing Stock and the Stock of Housing-Construction Cooperatives

The housing stock of local Soviets of People's Deputies shall be administered by their executive committees and administrative agencies they create.

The departmental housing stock shall be administered by the ministries, state committees and departments which have jurisdiction over that stock.

The public housing stock shall be administered by the governing bodies of kolkhozes and other cooperative organizations, their associations, the organs of trade unions and other public organizations in accordance with their bylaws (statutes).

Residential buildings and housing space which are the property of state-kolkhoz and other state-cooperative associations, enterprises and organizations shall be managed and used and the costs of operating and repairing such buildings and space shall be financed according to the procedure envisaged by the present Bases for the public housing stock.

The housing stock of housing-construction cooperatives shall be administered by the governing bodies of housing-construction cooperatives in accordance with their bylaws.

Article 11. Participation of Public Organizations and Private Individuals in Administration of the State and Public Housing Stock and in Ensuring Its Preservation

Trade unions and other public organizations, in accordance with their tasks as set forth in their bylaws, and also private individuals shall participate in administering the state and public housing stock and in ensuring its preservation.

The keeping of records on individuals who need improvement of their housing situation, the establishment of the order of priority for obtaining housing space, and also the distribution of housing space in the buildings of the state and the public housing stock shall be under social oversight and shall be subject to the principle of public scrutiny.

State agencies are required to do everything to take into account the recommendations of public organizations and individuals in conducting measures to improve the use and preservation of the housing stock.

Article 12. Housing-Management Organizations

Housing-management organizations, whose activity shall be based on cost accounting, shall be created to manage the state and public housing costs.

Housing-management organizations shall ensure preservation of the housing stock and its proper use and a high level of services to individuals, and they shall also monitor adherence by individuals to the rules governing the use of housing space and maintenance of the residential building and building grounds.

A residential building may be managed only by one housing-management organization. If a housing-management organization cannot be created to manage residential buildings belonging to a departmental housing stock, it shall be managed by the enterprise, institution or organization under whose supervision these buildings have been placed.

The standard regulation on the housing-management organization shall be adopted according to the procedure set forth by the councils of ministers of union republics or USSR ministries, state committees and departments.

Article 13. Disposition of Housing Space

The disposition of housing space shall conform to legislation of the USSR and the union republics.

Housing space in buildings of the state housing stock shall be at the disposition of the executive committee of the rayon, city, city rayon, settlement or rural Soviet of People's Deputies, the enterprise, institution, or organization depending on which the residential building belongs to.

Housing space in residential buildings of the public housing stock shall be at the disposition of those enterprises, institutions and organizations to which the residential building belongs.

Housing space in the residential buildings of housing-construction cooperatives and in residential buildings personally owned by individuals shall be at the disposition of those housing-construction cooperatives and individuals.

Article 14. Builders' Transfer of Housing Space in Newly Constructed Residential Buildings to Executive Committees of Local Soviets of People's Deputies and Other Organizations for Occupancy

The USSR Council of Ministers is entitled to define the bases and proportions of builders' transfer of a portion of housing space in residential buildings newly constructed with state capital investments to executive committees of local Soviets of People's Deputies and to other organizations for occupancy.

Article 15. Distribution of Housing Space in Residential Buildings Built With Funds Furnished on the Basis of Shared Participation

Housing space in residential buildings built on the basis of shared participation with the funds of enterprises, institutions and organizations shall be distributed for occupancy among the participants in construction in proportion to the funds they furnished.

Article 16. Keeping of State Records on the Housing Stock

The keeping of state records on the housing stock shall conform to the procedure set by legislation of the USSR.

Article 17. State Oversight Over the Use and Preservation of the Housing Stock

The purpose of state oversight over the use and preservation of the housing stock is to guarantee that all ministries, state committees, departments, enterprises, institutions, organizations, housing-construction cooperatives, cooperative and other public organizations, officials and private individuals adhere to the procedure for distribution of housing space, rules governing the use of the housing stock and its maintenance in proper technical condition, and also other rules and norms envisaged by housing legislation.

State oversight over the use and preservation of the housing stock shall be exercised by Soviets of People's Deputies, by their executive and regulatory bodies, and also by state agencies specifically authorized according to the procedure set by legislation of the USSR.

Section III. Furnishing Housing Space to Individuals. Use of Housing Space

Title 1. The Allotment of Housing Space in Residential Buildings of the State and Public Housing Stock and Its Use

Article 18. The Right of Individuals To Obtain Housing Space in the Residential Buildings of the State and Public Housing Stock

Individuals have the right to receive housing to use for an indefinite period in the residential buildings of the state and public housing stock in accordance with the procedure envisaged by legislation of the USSR and the union republics.

No one may be evicted from the housing they occupy except in the cases envisaged by law.

Article 19. The Allocation To Individuals of Housing Space in the Residential Buildings of the State and Public Housing Stock

Housing space in the residential buildings of the state and public housing stock shall as a rule be allocated in the form of a separate dwelling unit for a family to individuals who need improvement of their housing situation and who are permanent residents of the settlement in question (unless otherwise provided for by legislation of the USSR and the union republics).

Individuals shall be pronounced in need of improvement of their housing situation according to the bases envisaged by legislation of the USSR and the union republics.

Individuals in need of improvement of their housing situation and residing in residential buildings of housing-construction cooperatives or in residential buildings which are privately owned shall be provided housing space on the bases that apply generally.

Article 20. The Right To Obtain Housing With Heat and Electricity Without Payment

Specialists working and living in rural localities, in worker settlements or outside settlements, shall be entitled to housing along with heat and electricity without payment. Such housing space shall be allocated to specialists on the basis of lists of job slots and according to the procedure set forth by the USSR Council of Ministers and the councils of ministers of the union republics.

Article 21. The Keeping of Records on Individuals in Need of Improvement of Their Housing Situation

Records on individuals in need of improvement of their housing situation shall as a rule be kept according to place of residence by executive

committees of rayon, city, city-rayon, settlement and rural Soviets of People's Deputies. In the cases and according to the procedure set forth by the USSR Council of Ministers and the councils of ministers of the union republics, individuals may also be registered otherwise than by their place of residence.

Records on individuals in need of improvement of their housing situation who are working in enterprises, institutions, and organizations which possess a housing stock and which are carrying out housing construction or which are engaged in housing construction on the basis of shared participation shall be kept according to place of work. Individuals who have retired from work in these enterprises, institutions and organizations shall also be recorded with that group.

Oversight over the condition of records kept in enterprises, institutions, and organizations on individuals in need of improvement of their housing situation shall be exercised by executive committees of rayon, city and city-rayon Soviets of People's Deputies.

The procedure for determining the order of priority for allocation of housing space to individuals shall be set forth in legislation of the USSR and the union republics.

Article 22. Priority Allocation of Housing Space

Housing shall first be allocated to the following if they are in need of improvement of their housing situation:

- i. disabled veterans of World War II and families of soldiers (partisans) killed or missing in action and to individuals accorded equivalent status in the prescribed procedure;
- ii. Heroes of the Soviet Union, Heroes of Socialist Labor, and also individuals awarded the orders of Glory, Labor Glory and "For Service to the Homeland in the USSR Armed Forces" in all three degrees;
- iii. persons suffering from severe forms of certain chronic illnesses as enumerated on the list of illnesses adopted according to the procedure set forth by legislation of the USSR;
- iv. persons who were in the regular armed forces during the Civil War and World War II and during other military operations to defend the USSR, partisans in the Civil War and World War II, and also other individuals who have taken part in combat operations to protect the USSR;
- v. disabled persons in disability groups I and II and disabled military personnel in disability groups I and II;
- vi. survivors of persons who have died in industrial accidents;

vii. veterans of labor;

viii. families with many children and unwed mothers;

ix. families in which twins are born.

Legislation of the USSR and the union republics may grant the right for preference to be given to other individuals as well in obtaining housing.

Article 23. Allocation of Housing Without Rating

Housing shall be allocated without rating to individuals whose housing has been damaged in natural disasters and also in other cases envisaged by legislation of the USSR and the union republics.

Article 24. The Standard Housing Allowance

The standard housing allowance shall be set by legislation of the union republic. This standard allowance may not be less than 9 square meters per person.

Supplemental housing space shall be allocated over and above the standard housing allowance to certain individuals in the form of a separate room or in the amount of 10 square meters. For persons suffering from severe forms of certain chronic illnesses and also persons needing this space because of the conditions and nature of the work they do, the amount of supplemental housing space may be increased.

The procedure and conditions for allocating supplemental housing space and the list of persons entitled to receive it shall be established by legislation of the USSR.

Article 25. Requirements Which Housing Space Must Meet

To be allocated to individuals for occupancy housing space must be well equipped in accordance with the standards in the giving settlement and must meet the sanitary and technical requirement requirements set by legislation of the USSR and the union republics.

When housing is being allocated, persons of different sex above age 9 shall not be allowed to occupy one room, except for married couples.

An individual's refusal of housing space which does not meet the requirements envisaged by the present Bases shall not constitute basis for removal of his name from records on individuals in need of improvement of their housing situation.

Article 26. Procedure for Allocation of Housing Space

Housing space shall be allocated to individuals as follows:

i. in residential buildings of local Soviets of People's Deputies--by executive committees of the rayon, city, city-rayon, settlement or rural Soviet of People's Deputies with joint participation of the public housing commission created in association with the executive committee;

ii. in residential buildings of the departmental housing stock--by joint decision of the management of the enterprise, institution or organization and the factory, plant or local trade union committee, approved by the executive committee of the rayon, city, city-rayon, settlement or rural Soviet of People's Deputies, and in the cases envisaged by the USSR Council of Ministers--by joint decision of the management and factory, plant or local trade union committee with subsequent notification of the relevant executive committee of the Soviet of People's Deputies that housing space has been allocated for occupancy;

iii. in residential buildings of cooperative and other public organizations--by joint decision of the body of the relevant organization and the local trade union committee with subsequent notification of the executive committee of the respective rayon, city, city-rayon, settlement or rural Soviet of People's Deputies.

Housing space which has become vacant in residential buildings which state enterprises, institutions and organizations have turned over to executive committees of local Soviets of People's Deputies, and also housing space in residential buildings built on the basis of shared participation with the funds of enterprises, institutions and organizations shall be filled first by personnel of those enterprises, institutions and organizations in need of improvement of their housing situation. This procedure for filling vacant housing space shall be applied regardless of the dates of the respective transfer or construction of the residential buildings.

Article 27. The Housing Voucher

The executive committee of the rayon, city or city-rayon Soviet of People's Deputies shall issue the individual a voucher on the basis of a decision allocating housing in residential buildings of the state and public housing stock, and it shall constitute the sole legal basis for moving into the housing space.

The issuance of vouchers for housing space in military housing developments located outside settlements shall conform to the procedure established by legislation of the USSR.

The form of the voucher shall be set forth in legislation of the union republics.

The housing voucher may be declared invalid in judicial proceedings in cases when there has been a violation of the conditions and procedure for allocation of housing set forth in the present Bases or when officials have acted improperly in deciding the issue of allocating housing space, or when individuals have submitted evidence of their need for improvement of their housing situation which does not correspond to reality.

Article 28. The Housing Lease

The lease on housing space in residential buildings of the state and public housing stock shall be concluded between the housing-management organization (if it does not exist--the enterprise, institution or organization supervising that stock) and the lessee of the housing space in writing on the basis of the housing voucher.

Members of the lessee's family living with him shall enjoy the same rights as the lessee and shall be subject to all the obligations arising out of the housing lease. Adult family members shall bear with the lessee joint and several liability for obligations arising out of the lease.

The lessee of the housing space is entitled to dissolve the lease with consent of members of the family at any time.

The lease on housing in residential buildings of the state and public housing stock may be dissolved at the request of the lessor only on the grounds set forth in law and only through judicial proceedings, except in cases of eviction from housing which has been condemned.

The standard housing lease and rules governing use of housing space, maintenance of the residential building and building grounds shall be set forth by the councils of ministers of union republics.

Article 29. Amending the Housing Lease

The housing lease may be amended only with consent of the lessee, members of his family and the lessor except in cases envisaged by the present Bases and other legislative acts of the USSR and the union republics.

A lessee who has surplus housing space over and above the established standard allowances is entitled with consent of members of the family to request that the executive committee of the local Soviet of People's Deputies or the enterprise, institution or organization (depending on which the residential building belongs to) allocate him according to prescribed procedure housing space that is smaller in exchange for the space he occupies.

Article 30. Payment for Use of Housing Space and Municipal Services

The level of payment for use of housing space (rent) in residential buildings of the state and public housing stock shall be set by the USSR Council of Ministers.

Housing space furnished the lessee and members of his family according to the established standard allowances and also surplus space if its size does not exceed for the entire family one-half of the standard allowance per person shall be subject to the regular rent. The rent on surplus housing space in residential buildings of the state and public housing stock shall be at the higher rates established by legislation of the USSR and union republics.

A charge for use of municipal services (water, gas, heat, electricity and other services) shall be collected in addition to the rent in accordance with the rate schedules set forth in the prescribed manner.

Benefits related to payment of rent and payment for municipal services shall be established by USSR legislation.

By decision of the general assembly of members of a kolkhoz individuals living in residential buildings belonging to the kolkhoz may be extended benefits with respect to payment of rent.

Article 31. The Holding of Housing Space for Individuals Absent Temporarily

Should individuals be absent temporarily, their housing space shall be held for them. The conditions and periods of time for the holding of housing space for individuals temporarily absent shall be set forth by legislation of the USSR and the union republics.

An individual's loss of the right to use housing space because of absence beyond the allowed time shall be declared through judicial proceedings.

Article 32. Reservation of Housing Space

Housing space occupied by individuals shall be reserved should they be assigned to work abroad--during the entire time of their stay abroad, when they depart to work in the regions of the Far North and equivalent localities--over the entire life of their employment contract, and in cases envisaged by USSR legislation--for the entire time they spend in the regions of the Far North and equivalent localities.

Legislation of the USSR and union republics may also provide for reservation of housing space in other cases.

Article 33. Exchange of Housing Space

A lessee of housing space has the right to make an exchange of the housing space he occupies with another lessee or member of a housing-construction cooperative with the written consent of members of his family living with him, including those who are temporarily absent.

If agreement is not reached among the persons living in the housing space concerning the exchange, any one of these persons has the right to demand exchange by court order of the space they occupy for space in another residential building (apartment). In such a case the housing situation of the persons who objected to the exchange must not become worse than it was.

An exchange of housing space in residential buildings of enterprises, institutions and organizations is subject to their consent. In residential buildings belonging to private individuals as private property, exchange is allowed only with consent of the owner of the house. Refusal of consent to an exchange may be appealed through judicial proceedings except in cases of exchange of housing space in residential buildings belonging to private individuals.

Consent to exchange of housing space shall be issued in the form of a voucher issued by the executive committee of the local Soviet of People's Deputies (Article 27). A refusal to issue the voucher may be appealed in judicial proceedings.

The procedure for exchange of housing space and the conditions under which exchange is not allowed shall be established by legislation of the USSR and the union republics.

Article 34. Subletting of Housing Space

With consent of members of his family living with him and with consent of the lessor the lessee of housing space may sublet housing space which as a whole is being held for individuals temporarily absent or is being reserved. Legislation of the union republics may also envisage other cases when it is allowed to sublet housing space.

The procedure and conditions for subletting housing space and conditions for its use and eviction of sublessees shall be set forth by legislation of the union republics.

Article 35. Allocation of Housing Space to Individuals Because of Major Repair of a Residential Building

When a residential building belonging to the state and public housing stock is undergoing major repairs involving a new layout and reequipping of housing space, the lessor must allocate other housing space to the lessee and members of his family for the period of major repair work. Should the lessee refuse to move to that space, the lessor may request his removal through judicial proceedings, without thereby dissolving the lease on the space undergoing repairs.

In cases when housing space occupied by the lessee and members of his family cannot be retained as a result of major repairs or its floor space has been substantially reduced or increased, the lessee and members of his

family must be allocated other well-equipped housing space before commencement of the major repairs.

Article 36. Eviction From Housing Space

Eviction from housing space occupied in a residential building of the state and public housing stock is allowed only on the bases established by law.

Eviction is done through judicial proceedings. Eviction is allowed as an administrative act with consent of the procurator only in the cases of persons who have occupied housing space without legal basis or who have been living in residential buildings which have been condemned.

Individuals evicted from housing space shall at the same time be allocated other housing space except in the cases indicated in the present Bases.

Article 37. Eviction in Which the Evictees Are Allocated Other Housing Space

Individuals shall be evicted from residential buildings of the state and public housing stock and allocated other well-equipped housing space in the following cases:

- i. when the building in which the housing space is located is to be demolished;
- ii. when the building (housing space) has been condemned;
- iii. when the building (housing space) is to be converted to nonresidential use.

Commissioned officers, warrant officers and enlisted men doing extended service in the USSR Armed Forces and equivalent persons retiring from military service or transferred to the reserves, along with persons living with them, may be evicted and allocated other well-equipped housing space from the housing space they occupy in military housing developments located outside settlements.

The following may also be evicted and allocated other housing space:

- i. workers and employees (together with individuals living with them) who have terminated their employment relations with enterprises, institutions and organizations in the most important sectors of the economy which allocated them the housing space, when employment is terminated at their request and without good cause or for a violation of work discipline or because of commission of a crime. Lists of such enterprises, institutions and organizations shall be set forth by the USSR Council of Ministers and the councils of ministers of the union republics;

ii. individuals who have received housing space in the residential buildings of kolkhozes if they have been expelled from membership in the kolkhoz or have withdrawn from the kolkhoz at their own request.

USSR legislation may also provide other cases when individuals may be evicted and allocated other housing space.

Article 38. Eviction When the Evictees Are Not Allocated Other Housing Space

If a lessee, members of his family or other tenants regularly destroy or damage housing space or use it for other than the specified purpose or regularly violate the rules of socialist communal living so as to make it impossible for others to live in the same apartment or same house with them, and warnings and social pressures have proved ineffective, the offenders shall be evicted at the request of the lessor or other interested parties without allocation of other housing space.

The following may also be evicted without allocation of other housing space:

- i. persons who have occupied housing space without legal basis;
- ii. persons who have been deprived of parental rights if it is found impossible for them to live together with the children with respect to whom they have been deprived of those rights.

If a voucher for housing space has been declared invalid because of improper actions by the persons who received the voucher, they may be evicted without allocation of other housing space. If the individuals named in the voucher previously had housing space in a residential building of the state or public housing stock, they must be allocated housing space which they occupied or other housing space.

Article 39. Eviction From Official Housing Space

Workers and employees whose employment relations have terminated with an enterprise, institution or organization and also individuals expelled from membership in a kolkhoz or withdrawing from a kolkhoz shall be subject to eviction from official housing space along with all persons living with them without allocation of other housing space.

The following may not be evicted in such a case without allocation of other housing space: disabled war veterans and other disabled military personnel who became disabled as a result of wounds, contusions or mutilations received in defending the USSR or in performing other duties of military service, or as a consequence of an illness related to time spent at the front; participants in World War II who were in the regular armed forces; survivors of military personnel and partisans killed or missing in action in

defending the USSR or in performing other duties of military service; families of military personnel; disabled persons belonging to the rank-and-file or officer corps of organs of the USSR Ministry of Internal Affairs who became disabled as a result of wounds, contusions or mutilations received in performance of their official duties; persons who have worked in an enterprise, institution or organization which allocated them official housing for a period of at least 10 years; persons relieved from the position for which they were allocated housing space but who have not terminated employment relations with the enterprise, institution or organization that allocated that space; persons discharged because an enterprise, institution or organization has ceased to exist or because of staff reduction; old-age pensioners and persons with individual pensions; members of the family of a deceased worker who was allocated official housing space; disabled persons in disability groups I and II, disabled military personnel in disability groups I and II and equivalent persons; and unmarried persons with minor children living with them.

Article 40. Eviction From Dormitories

Seasonal workers, temporary workers and persons working under an employment contract for a stated period whose employment has terminated and also persons studying in educational institutions or withdrawing from them shall be subject to eviction without allocation of other housing space from a dormitory in which they were allocated space because of their work or study.

Other personnel of enterprises, institutions and organizations who have received a place in a dormitory because of their work may be evicted without allocation of other housing space should they be discharged at their own request without good cause, for violation of work discipline or for commission of a crime. Persons whose work has terminated on some other basis and also persons enumerated in the second paragraph of Article 39 of the present Bases may be evicted only if they are allocated other housing space.

Article 41. Providing Housing Space for Individuals Who Are Working Abroad

Citizens assigned to work in Soviet organizations abroad shall be provided housing where they live in residential buildings belonging to the Soviet state or to public organizations of the USSR or in residential buildings or housing space rented by Soviet organizations.

The size of housing space and conditions for the allocation and use of housing space in such residential buildings shall be established according to the procedure defined by the USSR Council of Ministers.

Title 2. Furnishing Individuals Housing Space in the Residential Buildings of Housing-Construction Cooperatives

Article 42. The Right To Obtain Housing Space in the Residential Buildings of Housing-Construction Cooperatives

Individuals in need of improvement of their housing situation have a right to enroll as members of housing-construction cooperatives and to obtain a well-equipped dwelling in it.

The procedure for the keeping of records on individuals who wish to enroll as members of a housing-construction cooperative and also conditions for enrollment of individuals as members of the cooperative shall be set forth by legislation of the USSR and the union republics.

Standard bylaws of housing-construction cooperatives shall be adopted according to procedure established by councils of ministers of union republics.

Executive committees of local Soviets of People's Deputies shall exercise oversight over the activity of housing-construction cooperatives and over the operation and repair of residential buildings belonging to them.

The state shall extend aid to housing-construction cooperatives in operation and repair of residential buildings belonging to them.

Article 43. Allocation of Housing Space to the Member of the Housing-Construction Cooperative and Its Use

A person who has been accepted into membership of a housing-construction cooperative shall by decision of the general assembly of the members of the cooperative, approved by the executive committee of the rayon, city or city-rayon Soviet of People's Deputies, be allocated a separate dwelling unit consisting of one or several rooms in accordance with the number of members of the family, the sum total of his share and the maximum size of housing space envisaged by the model bylaws of the housing-construction cooperative.

Housing space shall be allocated to the member of a cooperative to use for an indefinite period. The shareholder and members of his family may not be deprived of the right to use the housing space except in the cases set forth in legislation of the USSR and the union republics.

Dwelling units in a residential building of a housing-construction cooperative shall be filled in accordance with vouchers issued by the executive committee of the rayon, city or city-rayon Soviet of People's Deputies. Refusal to issue the voucher may be appealed through judicial proceedings.

The rights and duties of the shareholder and members of his family, conditions governing use and the bases for termination of use of housing space shall be defined in the bylaws of the cooperative.

Title 3. Use of Housing Space in the Residential Buildings of the Private Housing Stock

Article 44. Right of Individuals To Own a Dwelling

Citizens have a right to own a dwelling (part of a residential building) according to the procedure and under the conditions envisaged by legislation of the USSR and the union republics.

The state shall extend aid to individuals who personally own dwellings in repairing them and furnishing them with conveniences.

Residential buildings which are personally owned by individuals may not be confiscated from them, nor may the owner be deprived of the right to use the dwelling except in cases set forth in legislation of the USSR and the union republics.

Article 45. Use of a Dwelling

A dwelling which is personally owned shall be disposed of by the owner of the dwelling.

Citizens shall use a dwelling as their own residence and as a place for members of their family to live. They have a right to receive other individuals as tenants in the dwelling and also to rent it out.

The conditions and procedure for renting out housing space in a dwelling and the bases and procedure for dissolving a lease and eviction of the lessee shall be set forth in legislation of the union republics.

Citizens who own a residential building (portion of a residential building) must see that it is preserved and must make minor and major repairs at their own expense. Enterprises rendering consumer services to the public shall repair dwellings belonging to private individuals at their request.

Executive committees of local Soviets of People's Deputies shall exercise oversight over the maintenance of dwellings belonging to private individuals.

Article 46. Furnishing Housing to Individuals Whose Dwellings Are To Be Demolished in Connection With Confiscation of Plots of Land

When dwellings which are the personal property of citizens are to be demolished because of confiscation of plots of land for state or public purposes, these citizens and members of their families shall be allocated apartments in the residential buildings of the state or public housing stock in accordance with the established standard allowances. In addition, individuals shall either be paid the value of the houses, structures and equipment to be demolished or shall be granted the right to use the materials from the dismantling of such dwellings, structures and equipment as

they see fit, whichever they choose. At the request of the individuals executive committees of local Soviets of People's Deputies shall furnish them (in lieu of allocation of a dwelling) the opportunity of enrolling without waiting as members of a housing-construction cooperative and of obtaining housing space in it.

At the desire of individuals residential buildings and structures belonging to them which are to be demolished may be moved and set up on a new site.

In the cases established by the USSR Council of Ministers, for citizens whose dwellings are to be demolished residential buildings and equipment shall be built at a new site at their request and shall be turned over to those citizens as their personal property. In this case no reimbursement is made for the value of the structures and equipment demolished.

The procedure for allocation of dwelling units, the amount and procedure for reimbursement of the value of dwellings, structures and equipment demolished, and the conditions of their transfer shall be set forth by the USSR Council of Ministers.

Section IV. Operating, Repairing and Ensuring the Preservation of the Housing Stock

Article 47. Duties of the Lessor in Operating and Ensuring the Preservation of the Housing Stock

State agencies, enterprises, institutions, organizations and officials are required to see to the preservation of the housing stock and to improvement of its equipment.

The lessor must make repairs of the housing stock in good time, ensure that the utility equipment of buildings and housing space operates continuously, and properly maintain building entrances and grounds.

Article 48. Duties of Individuals in Ensuring the Preservation of Dwellings

Individuals must take good care of the dwelling in which they live, of the sanitary-engineering and other equipment of dwellings and of facilities belonging to the equipment of buildings, must take steps to ensure their preservation, must abide by the rules governing use of housing space and maintenance of the residential building and building grounds, and must also preserve cleanliness and order in entrances, elevators, stairways and other places used in common.

Lessees of housing space must make current repairs within the dwelling unit at their own expense, and upon vacating the space they must turn it over in proper condition according to the procedure defined by the legislation of the union republics.

Article 49. Organization of the Operation and Repair of the Housing Stock

The operation and repair of the state and public housing stock and also the stock of housing-construction cooperatives must unfailingly conform to the uniform regulations and standards governing operation and repair of the housing stock.

In cities and settlements of the urban type state housing stock (regardless of departmental jurisdiction) shall be operated and repaired by unified housing-management and unified construction-repair services in accordance with the procedure to be set forth in legislation of the USSR and the union republics.

State housing-management and construction-repair services must accept the residential buildings of the public housing stock and the residential buildings of housing-construction cooperatives under a contract for technical maintenance and repair in accordance with the procedure to be set forth by legislation of the union republics.

Residential buildings belonging to kolkhozes, sovkhoses and other enterprises, institutions and organizations located in rural areas shall be operated and repaired by their housing-management and construction-repair services. Should such services not exist, these residential buildings shall be operated and repaired by housing-management and construction-repair organizations of local Soviets of People's Deputies under the conditions and according to the procedure to be set forth in legislation of the union republics.

The conditions governing the operation and repair of residential buildings and housing space located in foreign states and belonging to the Soviet state or public organizations of the USSR shall be established according to the procedure defined by legislation of the USSR.

Article 50. Financing the Costs of Operating and Repairing the Housing Stock

The costs of operating and repairing (both current and major repairs) the housing stock of local Soviets of People's Deputies shall be financed from the funds of housing-management organizations, and should these funds be lacking, from the state budget.

The costs of operation and current repairs of the departmental housing stock shall be financed from the funds of housing-management organizations subordinate to enterprises, institutions and organizations, and should these funds be lacking--from the resources of the enterprises, institutions and organizations which have jurisdiction over that housing. Major repairs shall be made on the departmental housing stock out of funds of the relevant enterprises, institutions and organizations earmarked for those purposes.

The costs of operating and repairing the public housing stock shall be financed from the "own" funds of the owners of the housing.

The costs of operating and repairing the residential buildings of housing-construction cooperatives shall be financed from the funds of the cooperative.

Article 51. Material and Technical Supply for Operation and Repair of the Housing Stock

The physical and technical resources required for operation and repair of the state and public housing stock and the housing stock of housing-construction cooperatives shall be allocated in accordance with standard allowances of their consumption to councils of ministers of union republics and to USSR ministries, state committees and departments in accordance with the procedure established by the USSR Council of Ministers.

Section V. Accountability for Improper Use and Maintenance of the Housing Stock

Article 52. Accountability for Improper Use and Maintenance of the Housing Stock

Persons guilty of the following:

- i. violating the established time periods for occupancy of residential buildings and housing space;
- ii. violating rules governing use of housing space and sanitary maintenance of places used in common, stairwells, elevators, entrances and grounds;
- iii. unauthorized renovation or alteration of the layout of residential buildings and housing space and their use for other than the intended purpose;
- iv. violating rules governing the use of residential buildings, housing space and utility equipment and their negligent maintenance;

v. of damaging residential buildings, housing space and their equipment

shall bear criminal, administrative or other responsibility in accordance with legislation of the USSR and the union republics.

Legislation of the USSR and the union republics may also establish accountability for other violations of housing legislation.

Accountability for an individual's improper maintenance of a dwelling belonging to him shall be established by legislation of the union republics.

Article 53. Reimbursement of Damage to the Housing Stock

Enterprises, institutions, organizations and also individuals who cause damage to residential buildings, housing space, utility equipment, facilities constituting conveniences or to greenery on the grounds of residential buildings must make reimbursement for the damage caused.

Officials and other personnel whose fault it is that enterprises, institutions and organizations have incurred expenses related to reimbursement of damage shall bear financial liability according to the established procedure.

Section VI. Settlement of Housing Disputes

Article 54. Procedure for Settlement of Housing Disputes

Housing disputes shall be settled in accordance with legislation of the USSR and the union republics by a court, arbitration commission, arbitration court, comrades' court, trade union or other public organization, or other bodies so authorized.

Section VII. International Treaties

Article 55. International Treaties

If an international treaty of the USSR has established other rules than those contained in Soviet housing legislation, the rules of that international treaty shall apply.

The same procedure shall apply with respect to the housing legislation of a union republic if an international treaty of the union republic establishes different rules than those envisaged by the housing legislation of that union republic.

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CONSTRUCTION

MANAGEMENT OF CONSTRUCTION INDUSTRY DESCRIBED

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[Article by A. Bryachikhin, candidate of economic sciences: "The Economic Mechanism in Construction"]

[Text] The main ways to improve capital construction and to raise its effectiveness were defined by decisions of the 24th and 25th CPSU congresses and subsequent plenums of the CPSU Central Committee. The 12 July 1979 decree of the CPSU Central Committee and USSR Council of Ministers, "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality," occupies a special place in the set of measures adopted in this industry. The decree, taking into account the rich practical experience in socialist planning that has been gained and the results of economic experiments conducted in capital construction and of scientific developments, sets forth paths for the concrete realization of the principles of the 25th party congress on further improvement of planning and management of capital construction and of the whole system of economic operation. Capital construction now is being aimed directly at raising the effectiveness and quality of work at all stages of the construction cycle (scientific research, planning, the assembling of complete sets of equipment, and the mastery of facilities and capacity that have been put into operation), and at achieving high final economic results. The decisions adopted also were aimed at further strengthening and developing the principles of democratic centralism. The centralized planning management of capital construction is being strengthened, with a spontaneous expansion in the creative initiative of the laboring collectives.

From the well-proportioned and scientifically substantiated system of measures for raising effectiveness and work quality at all stages of construction that the decree calls for, it is possible to single out some directions that are playing a most important role in the successful achievement of the industry's main mission: the timely introduction into operation of facilities and capacity, while providing for a high qualitative level thereof. These directions should include primarily: a strengthening of attention to the final results of construction work; further improvement in the planning and organization of construction; improvement

in design and budget-estimating matters; and a reinforcement of cost accounting in construction organizations.

Let us examine in more detail the changes that the 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers introduced in each of these directions and in the state of affairs of capital construction.

Orientation to the Final Results of Construction Operations

Any construction, as is known, is linked with the assimilation of capital investment. Funds of the state budget make up the major portion of investment. Moreover, resources of the fund for the development of state enterprises, associations and cooperative kolkhoz organizations are used for construction, as well as the populace's monetary funds for individual construction.

Growth of capital investment in the national economy naturally has definite limits, which are caused both by the amount itself of national income and by the necessity for providing for a rise in the workers' standard of living. The paramount importance of growth in capital construction effectiveness ensues from this. A rise in effectiveness in this industry presupposes primarily improvement in systems for planning and evaluating the work of construction organizations.

At the 25th CPSU Congress the task of changing the approach to planning and the use of capital investment was set. Existing indicators for planning and the use of resources have not corresponded to the requirements of the economics of developed socialism. Ministries and agencies, when substantiating requirements for capital investment, frequently act out of parochial or bureaucratic motives. As a result, the construction of an extraordinarily large number of facilities commences simultaneously, capital investment is dispersed, and deadlines for construction are extended, which lead to an increase in the budget-estimated cost of erecting the facilities. Addressing the 25th party congress with the Accountability Report of the CPSU Central Committee, Comrade L. I. Brezhnev pointed to the fact that "Capital investment should be allocated to ministries and agencies not as a whole and not for new facilities, but for a planned increase in output."*

A change in the procedure for the planning and use of investment requires restructuring of the whole management mechanism of capital construction. The first steps in this direction were taken during the development of tasks for the Tenth Five-Year Plan. It was planned to bring the ratio of growth of capital investment to growth in national income to 0.2 by the end of the five-year plan, that is, no more than 20 kopecks of capital investment must be spent per ruble of increase in income. In the matter of further reducing this indicator, an exceptionally important role goes to

*Materialy XXV s"yezda KPSS [Papers of the 25th CPSU Congress]. Moscow, 1976, page 46.

realizing the measures intended by the 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers in the area of capital investment. In particular, the evaluation of construction organization activity according to expenditures for the fulfillment of tasks for introducing production capacity and facilities into operation is to be introduced into practice. Now the main and practically only evaluative indicator of the activity of client ministries and agencies and of contractors will be the introduction of fixed capital, productive capacity and facilities into operation, including growth of capacity through the reconstruction and reequipping of enterprises with machinery.

A lack of improvement in the system of planning indicators and in the organization of material incentives caused a substantial portion of the deficiencies in capital construction. The main evaluator of the fulfillment of planned tasks and of formation of funds for economic incentives were the so-called gross indicators (planned volume of capital investment and of construction and installing work). The sizes of wage and economic-incentive funds for construction-and-installing and other organizations were established as a function of their fulfillment. This led to fulfillment of the plan for amounts of capital investment but not always of the plan for the introduction of capacity and facilities. Thus, for example, in the past 3 years alone of the current five-year plan, while the plan for capital investment was being fulfilled, tasks for the introduction of fixed capital into operation turned out to be underfulfilled by 17 billion rubles. The planned pace of construction failed of achievement in such important industries as ferrous and nonferrous metallurgy, light industry, the chemical industry, the pulp and paper industry, and machine-building. One can judge the importance to the national economy of assuring the timely introduction into operation of new industrial facilities by the fact that underfulfillment of plans for introducing such facilities by just 1 percent is equivalent to the loss of production on a countrywide scale of 1 billion rubles.

The 12 July decree of the CPSU Central Committee and the USSR Council of Ministers stipulated that henceforth the economic activity of construction participants will be evaluated solely by the results of their fulfillment of planned tasks for introducing capacity and facilities into operation and for construction commodity output, which is the cost expression of construction and installing operations at capacity and facilities that are turned over, ready for operation, to the client, and by the growth in labor productivity and profit. The financial situation of organizations and enterprises that do construction work now depends directly upon the final results of their activity. Thus, for example, clients should settle with design and survey organizations for the final design for the construction of enterprises and of complexes due for startup, or of their facilities; with general suppliers—for sets of equipment delivered or completely assembled; and, finally, with the general contractor for enterprises, complexes and so on that are completely built and turned over for operation. The establishment of new and more progressive indicators for construction work prompts the more economical consumption of materials and labor resources; for the greater the savings achieved, the higher the profit, and, consequently, also the size of the material incentive fund.

The structure of capital investment exerts a considerable influence on increase in its effectiveness. In the operating process, productive assets are subject, as is known, to obsolescence and to physical wear, which is being felt increasingly in the active portion of this capital. Therefore, in order to maintain production effectiveness at a certain level and, moreover, in order to raise it, the timely reconstruction of existing enterprises and the reequipping of their fixed capital with machinery are necessary.

Experience indicates that these forms of technical progress are in some cases much more effective than new construction. Thus, for example, specific capital investment (per unit of capacity) in reconstruction is one-half to one-third that of new construction of similar capacity. Rebuilt and reequipped capacity is mastered 3-fold to 3.5-fold as fast as newly erected capacity. A rise in the share of expenditures for reconstruction in the total amount of annual capital investment by just 1 percent will yield, on a countrywide scale, a material-resources saving of about 500 million rubles. Yet the share of capital investment directed to increasing the capacity of existing enterprises and facilities by rebuilding them and reequipping them with machinery is still being increased slowly. In 1960 this share was 55 percent, in 1977 it was 69 percent, and for the past 2 years it increased by only 2 percent, while in some branches, for example, in machinebuilding, it even decreased. This is explained to a known degree by the fact that reconstruction takes place, as a rule, under conditions that are complicated for operating enterprises, a standards base (standard design solutions, specific capital investment, periods for doing the work, and so on) for the conduct of these operations is still lacking, and the increased expenditures for labor connected with their execution is not compensated for, which, obviously reduces the material incentive for construction participants in such operations. And planning of the latter is still complicated, since indicators that delineate precisely the limits of reconstruction, expansion and the reequipping of facilities and capacity with machinery still have not been worked out completely enough. And there are other difficulties.

The 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers called for a number of measures that will help to rebuild and to reequip capacity in the national economy with machinery. Beginning with the Eleventh Five-Year Plan, the compilation of draft capital construction plans of USSR ministries and departments and of Union-republic councils of ministers will start with the certification of existing capacity and with the subsequent decision on a program for rebuilding it and for supplying it with new equipment. For the conduct of this work, USSR Gosplan, jointly with interested organizations, has worked out and on 4 October 1979 it approved the "Statute on Certification of the Production Association (or Enterprise)," which will enable the status of the active and passive portions of fixed capital in the national economy to be determined, the actual workload of these portions to be analyzed, and the technical level of the productive capacity and the expenditures necessary for their upkeep and improvement to be established.

The data on certification of existing capacity will be the basis for working out and approving in the established procedure drafts of five-year plans, balances and analyses of existing production capacity and fixed capital, as well as consolidated plans for the reconstruction and technical reequipping of enterprises. Such balances and estimates, as well as the consolidated plans, will aid in more complete discovery of all the available opportunities for improving the output of the required product at existing enterprises.

While making up draft plans for each five-year period (with a breakdown by year), a list of newly started construction projects and facilities earmarked for rebuilding and expansion is to be developed and approved. The main technical and economic indicators and the construction periods, including those that extend beyond the bounds of the planned five-year period, are determined for each of these facilities. The potential of the new construction for the clients will be examined only after determination has been made of the ceilings on capital investment and on construction, installing and contracting work, and also on the material resources and equipment necessary for rebuilding and reequipping existing capacity with machinery. In so doing, resources for the construction of new enterprises and the expansion of existing ones can be allocated only to increase output and only if the national economy's requirement for the given type of output cannot be provided by existing enterprises, taking into account the reconstruction and reequipping thereof with machinery. The right to approve lists of titles of projects for reequipping enterprises with machinery has been granted now to enterprise and association managers within established ceilings.

Expansion of the work of rebuilding enterprises and reequipping them with machinery will be accompanied by creation of the necessary standards base, which will require design and budget-estimating documentation and compensation for the increased labor expenditures for doing this work. Moreover, the creation and use of special mobile, effective equipment for doing this work will help to increase the volume thereof. All this will enable an organic combining and consistency of the plans for existing production facilities and for new construction to be provided for and the validity and balance thereof to be raised, and will help promote more complete coordination of them with the capacity and resources that exist and are necessary.

That Which Is New in the Planning and Organization of Construction

The achievement of a more exact balance and further substantiation of plans for capital investment and for improving the organization of construction are of special importance in raising capital investment effectiveness, in providing for further growth and qualitative improvement of fixed capital and in introducing new facilities and capacity into operation and mastering it more rapidly, as was contemplated at the 25th CPSU Congress, in the 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers and at the November 1979 Plenum of the CPSU Central Committee.

Cases of dispersion of capital investment and of growth in above-norm uncompleted work are being observed in economic practice. Thus, on the average, 250,000-260,000 production facilities alone are being erected simultaneously throughout the country, but the share of uncompleted construction (the ratio of the value of uncompleted construction to the annual volume of capital investment) rose from 69 percent in 1965 to 75 percent in 1975, and to 85 percent in 1977. In 1977 more than 5 million tons of rolled ferrous metal, almost 24 million tons of cement and more than 12 million cubic meters of lumber and a number of other materials went into uncompleted construction above the norm. For the country as a whole, construction times right now exceed the standard more than 1.5-fold.

Serious deficiencies exist in the outfitting of construction and in planning the mastery of capacity and of new facilities. Every other facility due for startup is not being introduced by the established deadline because of late or incomplete deliveries of equipment alone.

Nor is it possible to recognize as satisfactory the state of affairs in mastering capacity and facilities that have been put into operation. Only 38 percent of that capacity is completely mastered during the first year of operation, 27 percent during the second year, 14 percent during the third year, and 21 percent no earlier than the fifth year. Often there are cases here where worker manning is higher than planned at the new facilities during mastery and operation, and achievement of the designed level of labor productivity on time is not provided for.

The 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers called for a new procedure for developing and approving a system for substantiated and mutually correlated long-range, five-year and current national-economic plans. This system includes a comprehensive program for scientific and technical progress for 20 years (with distribution of tasks by five-year plan), the basic directions of economic and social development for 10 years (by five-year plan), the five-year plan for economic and social development (by the year) and the annual plan. Capital construction plans, being an organic part of the national economy's plans, will be better substantiated and more stable, since new construction and existing production facilities will be planned as a unified whole.

The basis for planning capital investment, as before, lags the five-year plans. However, beginning with the Eleventh Five-Year Plan, it is planned to provide greater stability for them (including the annual tasks). It is expected that this will be achieved by coordinating the capital construction plan with long-range and five-year plans of other branches of the national economy, and also with various special-purpose state programs. The introduction into practice of businesslike monitoring over the fulfillment of plans and tasks for increasing the results by year of the five-year plan period, a strengthening of the guidance of all construction organization activity toward the final results, and strengthened incentives therefor will help to stabilize five-year plans. The development and approval within the plan of a list of newly started facilities and also of

existing facilities slated for reconstruction and expansion, and assurance of the inalterability of the lists of titles of construction projects also will help here. It is planned to determine the basic technical and economic indicators and the periods for the design, outfitting and construction of all facilities being built or rebuilt during five-year plans, including facilities whose construction periods extend beyond the limits of the planned five-year period. The stability of five-year plans is also to be provided for by better balancing of allocated capital investment with the production capacity of the construction organizations, taking into account the ties of construction with those branches with which it interacts closely (industry, supply and transport).

Much attention is being paid to providing for a balancing of five-year capital construction plans with the existing capacity of construction organizations and with the resources of materials and equipment that are necessary for fulfilling approved plans. The plans will include only those construction projects that have been provided with supplies, equipment, labor and financial resources and with construction-and-installing organization capacity and for which, on 1 July of the year that precedes the plan year, there exists approved design and budget-estimating documentation, as well as working drawings for the work volume for the planned year. The placement of orders for the delivery of industrial and power-supply equipment not for 1 or 2 years, as now, but for the whole construction period will help to assure a balancing of the plans. It is very important here that the resources that are necessary for the design, construction and mastery of the facilities being erected by the outfitting organizations be allocated for all participants of construction, not per estimated million rubles' worth of construction and installing work, as is being done now, but in accordance with the working drawings.

It is especially necessary to emphasize the considerable change in the approach itself to capital investment planning. Investment now will be allocated to ministries and agencies, first for planned growth of a needed product, and second, with the simultaneous introduction of firm cost ceilings for clients. The ceilings on capital investment and construction operations that are approved for the five-year plan are the maximum permissible amount of expenditures necessary in providing for the planned introduction of facilities and capacity into operation, and also for the creation of reserves. Capital investment ceilings are not an evaluative indicator of the client's activity, they are just a resource indicator.

The introduction of capital investment ceilings requires that ministries and agencies pay more attention to the distribution of funds, to a reduction in uncompleted construction and to observance of the budget-estimated cost of facilities. Now, not just client ministries and agencies but other participants in construction also will be motivated to obtain maximum effect at minimal expense from each ruble of capital invested in construction.

Reduction in the amounts of uncompleted construction, the timely introduction of capacity and facilities into operation, reduction in the time

consumed in mastering them, and the achievement of stability in budget estimates of construction costs depend greatly upon the degree of validity and inalterability of lists of titles of construction projects. The lists of titles, being an important chapter of the capital investment plan, is, for construction, the planning and financing document in accordance with which contracting agreements are concluded, construction times and costs are determined, funds for materials and equipment are allocated, and financing and the granting of credits are performed for construction participants. The development of drafts of lists of titles of construction projects is vested in clients for construction, and these drafts are approved by ministries in the established procedure, depending upon the magnitude of the ceiling of the construction project, after they have been coordinated with the general contracting organizations.

The basis for developing lists of titles now will be the schedule of construction projects, the ceilings on capital investment and construction and installing work for the given branch of the economy, designs and budget estimates, and construction-time norms, which will be approved for the client ministries and agencies. In so doing, the schedules of construction projects (for new, rebuilt and expanded facilities) will be approved in five-year plans for capital investment, based upon the inventories and estimates of existing capacity and production facilities, the national economy's requirement for one product or another, and also on the basis of consolidated plans for reconstructing existing enterprises and reequipping them with machinery. The technical and economic indicators for the facilities and the deadlines for their construction will be determined in accordance with the schedules of construction projects, this to be done for facilities that are to be put into operation both during the five-year plan period and in a subsequent period. The following are indicated in the lists of titles based upon the schedules of construction projects for each facility: its designation, the area of construction, the standard construction times, the budget-estimated cost, and the designed capacity of the facility. For carryover facilities, the amount of work performed since the start of construction but prior to the plan period is indicated. Simultaneously the list of titles notes the presence of design and budget-estimating documentation and the time and place of its approval.

In order to intensify the orientation of construction project participants toward final results, lists of titles now will be made up for the full standard period of construction of the facilities, with a breakdown by the year of the ceilings on capital investment and construction and installing work. Change in the lists of titles where the effectiveness of capital investment indicators and the technical, economic and operating characteristics of the facilities being built are degraded is not permitted.

The following also is new in capital investment planning. Where construction plans for the current year are not fulfilled in the amounts called for in the list of titles, the amount of unfulfilled work will be added to the plan for the next year. Simultaneously, ministries and agencies are authorized during the development and implementation of capital

investment plans to set aside for their disposal reserves in the amount of 5 percent of the planned volume of investment, as well as of the planned amount of construction, installing and contracting work.

Improvement of Design and Budget-Estimating Affairs

A rise in capital investment effectiveness depends upon the planning and organization of the work at all stages of construction. Design, which is the initial process in the concrete realization of nationwide long-term, five-year and annual construction programs, is given special attention in this process. The design solutions that are employed determine to a great extent the technical level and economic parameters of the facilities being erected and the qualitative characteristics of the facilities being built and of the products being produced, the construction time, and the periods for mastering designed capacity, as well as the working and living conditions of the Soviet people. The quality of design decisions also influences considerably the rate of technical progress in construction, the level of construction mechanization and industrialization, and reduction in expenditures and the labor intensiveness of operations, as well as growth of labor productivity. Right now the overall volume of design and surveying operations carried out by the wide network of specialized organizations has achieved substantial dimensions. Like other stages of construction, design is in need of constant improvement.

The 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers called for a number of measures that are aimed at raising the motivation and responsibility of design and surveying organizations for improving design and budget-estimating documentation, achieving the most rapid introduction of capacity and facilities into operation, and mastering them on time. It was established that, beginning with the Eleventh Five-Year Plan, design and survey work should be coordinated with the capital construction plans being developed. The development of a network of design and surveying organizations and the support thereof with materials and equipment for the planned work volume will be called for in these five-year plans, with a breakdown by year. In so doing, standard and individual designs will be developed, as a rule, on a widely based competition, which undoubtedly should help to develop creative activity by designers and to raise design quality.

The new procedure for developing and issuing design and budget-estimating documentation to clients should also effect a reduction in the duration and improve the quality of design, the outfitting of construction, and the mastery of the facilities. Henceforth, when it takes more than 2 years to erect a facility, the design and budget-estimating documentation first is developed for the phase due for startup, and the succeeding phases--simultaneously with construction of the first phase. Budget estimates for these startup phases are compiled and approved separately as to technical and economic substantiation. It is planned that the simultaneous design and construction of facilities will be used more widely, taking into account the experience that has been gained. It was decided also to change the deadlines for issuance of technical documentation. As was noted, it

now will be issued to the contracting organizations not by 1 September of the year preceding the plan year but by 1 July. The plan for construction contemplates including only those facilities for which approved design and budget-estimating documentation and working drawings exist at the indicated time. Such a procedure will make it possible for participants in all these construction stages simultaneously to study the designs and budget estimates and to prepare themselves for operation.

The decree devoted much attention to raising the economic motivation of design and survey organizations for the timely and high-quality execution of their work. For this purpose, beginning with the Eleventh Five-Year Plan, intermediate payments to design and survey organizations in settlements with clients will be eliminated. Only facilities, startup complexes and construction phases that are completely designed will be paid for. In order to cover costs, the design organizations will rely on their own operating capital and on bank credit. When the plan period for completing design is exceeded, the granting of credits to design and survey organizations will not be cut off, but the interest for the use of the loans in such a case will be levied at an increased rate.

Realization of the contemplated measures undoubtedly should lead to an essential improvement in the activity of design and survey organizations, which will be of great importance in improving the whole economic mechanism of construction.

A Strengthening of Economic Accountability in Construction Organizations

An analysis of capital construction plan fulfillment during the current five-year plan still indicates, unfortunately, a failure to overcome the tendency of contracting organizations to fulfill primarily the volume and cost indicators of the plan. The fact is that the economic accountability attitudes that exist in capital construction still have not been improved, and contracting organizations are still oriented to the first priority fulfillment of gross amounts. This is caused by the fact that the mastery of funds allocated, and not the final result--the introduction of the facility into operation--is the basis for the material incentives of the client ministries and agencies. Indeed, right now, the greater the funds for construction and installing work that have been assimilated, the greater also is the fund for wages and the larger the funds for economic incentives for construction organizations. And as a result, as has been noted, there are often cases of late introduction of capacity and facilities into operation, increases in the amounts of uncompleted construction, and a lengthening of the time taken to erect facilities. Because of this, the country's economy does not receive the necessary planned output in time, and the number of facilities being erected simultaneously continues to increase.

Under these circumstances it is extremely necessary to expand the rights of the ministries and agencies of the contracting organizations in relation to other construction participants, with a simultaneous rise in their economic motivation and responsibility for the introduction of various

types of facilities into operation with high quality and on time. Based upon this, beginning with the Eleventh Five-Year Plan, a basically new approach to evaluating the activities of ministries and agencies that do construction and installing work and of the organizations subordinate to them is being introduced. In the five-year plans, the following indicators (with a breakdown of the tasks by the year) will be established for them, on the basis of which their cost-accounting activity will be constructed:

- introduction of production capacity and facilities into operation, including growth in capacity by reequipping existing enterprises with machinery and by rebuilding them (indicators for the introduction of production capacity and facilities into operation are established also for organizations that install the main industrial and power-engineering equipment under agreements);

- total volume of construction commodity output and the amount carried out by in-house personnel, with a breakdown of total volume by clients;

- the ceiling on blue-collar and white-collar workers;

- the total wage fund;

- profit (and, for various organizations, a reduction in operating costs for construction and installing work);

- tasks on introducing new equipment; and

- the amount of deliveries of materials, machines, mechanisms and other materiel and equipment necessary for fulfilling the plan.

The fact that henceforth the formation of economic incentive funds of contracting organizations and the amounts thereof will be established to depend directly upon fulfillment of the plan for construction commodity output and upon the introduction of facilities into operation will also help to strengthen the economic accountability incentives of contracting organizations and to provide for the planned introduction of facilities into operation and fulfillment of the plan for construction commodity output.

The material incentives system now has also been oriented to the achievement of final results. The size of bonuses for introducing facilities into operation on time or ahead of time is being increased from 2.2 to 3.0 percent of the budget-estimated cost of the construction and installing work. Moreover, where there is a reduction in the time (in comparison with the norms) taken to introduce the facilities into operation, the general contractor is authorized to receive from the client's funds a sum equal to half the profit specified in the design for that period of time by which the construction time has been reduced. The total amount of these funds should not exceed 0.5 percent of the budget-estimated cost of the construction and installing work for each month introduced ahead of time.

The introduction of indicators oriented to timely and high-quality introduction of facilities into operation is basically new in the planning and evaluation of construction organization activity. The previously existing evaluative indicator of plan fulfillment for construction and installing work in terms of cost now recedes into the background and will be used only for determining consolidated requirements of organizations for materials and equipment, wage funds, working capital and credit. Gradual conversion to the planning of labor productivity in terms of net (standard) output or in accordance with another indicator that will reflect changes in labor expenditures more precisely will promote a more objective evaluation of the results of labor in construction. The wage fund will be established under a standard based on ruble of output in accordance with an indicator that is to be adopted for planning labor productivity in construction work. The experimental use of this indicator since 1 January 1976 at some Glavmospromstroymaterialy [Main Administration of the Building Materials and Constructional Parts Industry of the Moscow City Soviet] enterprises, as preliminary results indicate, has enabled labor productivity to be increased by 11.9 percent, the speed of mastery of new articles to be doubled, and fulfillment of the plan for products mix and for quality of the output produced to be improved.

Major reserves for strengthening cost accounting in construction organizations have been contained also in further development of the brigade contract as an effective form of internal cost accounting for construction-and-installing and specialized organizations. The brigade contract appeared in construction in our country for the first time at the start of the 1930's. In 1970 an integrated brigade of N. A. Zlobin used it at a qualitatively new level while erecting 14-story housing in Zelenogradskiy Rayon of Moscow. As a result of using cost accounting, production in N. A. Zlobin's brigade during the year of conversion to the contract rose by 34 percent, and the next year by another 45 percent. The brigade's apartment houses are being turned over for operation with a consistent reduction of the standard construction time and with improvement of work quality. Being an integral part of the internal cost accounting in construction, the brigade contract helps to improve lower-level planning and incentives and reporting and monitoring of the work of each worker. Moreover, the brigade contract grants workers the opportunity to participate actively in managing production; indeed, it helps to strengthen discipline, it provides for mutual exactingness, it develops socialist enterprisingness and democracy, and, thanks thereto, it helps to formulate a communist attitude toward work. However, despite the great effectiveness of the brigade contract, it is being introduced at an inadequately high pace. Thus, according to USSR TsSU [Central Statistical Administration] data, in 1978 it was used by only 34.5 percent of the workers in construction brigades, who did only 29 percent of all the actual amount of construction and installing work for the year.

The 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers called for a number of measures that will provide during the Eleventh Five-Year Plan for the transformation of the brigade form of organization and incentives for production into the basic, leading form in

all branches of the national economy. For that purpose, it is specified in capital construction, for example, that the activity of and economic incentives for workers will be established to depend directly upon the timely and high-quality introduction of capacity and facilities into operation, and to provide for inalterability of the list of titles of construction projects, full coordination of construction plans with the capabilities of construction organizations, and the allocation of resources only in strict accordance with design and budget-estimating documentation. However, in preparing normative documents that are aimed at realization of these requirements of the decree, another series of conditions also should be called for, upon which success in developing the brigade contract in construction depends. Primarily, it is desirable to raise the responsibility of managerial organs for fulfilling their obligations in contract agreements. Then it is necessary to simplify and reduce the documentation of the brigade contract and to improve incentives for administrative, managerial and wage workers for the results of the activity of cost-accounting brigades. I would like to call attention also to the following point: the 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers calls for a broad program of measures for improving affairs in capital construction. It is clear, however, that in such a most important document, it would be practically impossible to establish in detail all the changes in the mechanism of managing and planning capital construction for each organization. Much work is to be done in this matter by USSR Gosstroy, which, as the decree indicates, now bears responsibility for conducting a unified engineering policy in construction, improving design and budget-estimating matters, raising the quality of planning, developing and executing measures for reducing construction costs, improving urban-development norms, and improving the architectural look of cities and industrial parks and settlements. USSR Gosstroy and its scientific-research, design and other organizations should, by the start of the Eleventh Five-Year Plan, refine all the standards that regulate the procedures, periods and amounts of development of standard designs, design-and-budget estimating documentation, transfer to the development of five-year plans, change considerably the system for setting prices in construction and the methods for determining construction costs, refine the content and the procedure for developing, coordinating, approving and revising long-range schemes for developing branches of the national economy and the productive forces of the country's regions, and so on.

Realization of the measures called for by the party and the government in the decree that is being examined undoubtedly will raise greatly the effectiveness and quality not only of capital construction but also of the whole country's economy, and this will require that central, branch-of-industry and territorial planning organs introduce appropriate refinements and changes in the existing structure, the procedures for planning, the incentives program and the organization of construction into their standards base in the near future, with a view to strengthening the practical soundness and balance of plans and their orientation to timely and high-quality introduction of capacity and facilities into operation and to raising the motivation and responsibility of all capital construction participants for achievement of the final result.

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CONSTRUCTION

COMMODITY CONSTRUCTION OUTPUT IN LIGHT OF SELF-SUPPORTING SYSTEM

Experience of Moscow Administration

Moscow MOSKOVSKAYA PRAVDA in Russian 15 May 80 p 2

/Interview of B. Bergart, Chief of the Planning and Economic Administration of Glavmosinzhstroy (Main Administration for the Construction of Engineering Facilities in Moscow): "The City and Economics: Two Aspects of the Same Experiment"7

/Text7 Having assimilated the planning of commodity construction output, Glavmosinzhstroy has switched to cost accounting based on complete self compensation.

The purpose of this experiment, on the one hand, is to increasingly direct builders toward final national economic results - commissioning construction projects and capacities, decreasing the dispersal of capital investments, reducing the time periods of construction and extensively adopting high-speed construction methods. On the other hand, in an economic sense, the purpose of the experiment is to come up with a system for the complete self compensation and estimates for completed construction projects and complexes, to adopt the principles of extending credit for unfinished production, and to confirm new inter-relationships with the budget.

Payments are now made according to plan assignments rather than for actual fulfillment. Thus, the economic and financial indicators of the activity of the construction organizations of the main administration are directly dependent upon the commissioning of construction projects; and profit serves as the main source for covering outlays for production development and stimulation.

Only a few construction organizations in the Soviet Union are now operating on the principles of self compensation. The Belorussian SSR Ministry of Industrial Construction, the Lithuanian SSR Ministry of Construction and Glavzapstroy /territorial Main Administration for Construction in the Western Regions of the RSFSR7 have experience in this undertaking. In Moscow, only Glavmosinzhstroy has switched to this new economic system.

The construction organizations of Glavmosinzhstroy have been given the task of using the new method of economic management to significantly reduce the time periods for construction and to reduce the amount of unfinished construction work by the end of the Tenth Five-Year Plan.

To achieve such results and to completely realize the principle of self compensation, it is necessary to ensure profitability from handing over construction projects at a level of no less than 12 percent, to maintain an average annual growth rate in work volumes of 3 to 4 percent and a growth in labor productivity of 2 - 3 percent. It must be noted that the total amount of construction and installation work increased by 10 percent and the percentage of finished commodity product came to 92 percent of the amount of construction and installation work. The most important construction projects of the city management were included in the program.

What have been the results?

Glavmosinzhstroy fulfilled its plan and pledges ahead of schedule in 1979, by December 27. During the year all construction and specialized administrations fulfilled the plan for construction and installation work on their own.

Of special significance was the fact that for the first time ever the plan for labor productivity was fulfilled by all trusts; and for the entire main administration on the whole this key indicator rose by 3.6 percent. We consider this to be the most important result. This was achieved, of course, by means of several factors, which started "to work" in new economic conditions.

Here is just one example. Last year with a total growth in the average wages for the main administration, in the trusts there was not a single instance of overexpenditure in wages. Why? Wages are paid in accordance with the conditions of self compensation depending upon fulfillment of the plan for commodity construction product. Put more simply, if the plan for commodity construction product is not fulfilled there is nothing to pay wages with. Such rigid economic conditions sharply raise the personal responsibility of managers for the outcome of the plan and force them to be more demanding of junior management. In this manner the economic levers of self compensation sharply raise the efficiency of production.

During the year 785,000 square meters of roads, 309 kilometers of underground communications were handed over and put into operation. What is more the underground communications were handed over in complete compliance with the established nomenclature. As early as November Glavmosinzhstroy had fulfilled

the annual plan for construction and installation work at all Olympic construction projects. All key construction starts were commissioned within time periods and ahead of schedule.

There are other no less important results. They are connected with the more thorough assimilation of the economic mechanism and the mastery of several new economic indicators and concepts.

Primarily the principles of self compensation have radically changed the approach to planning profit. As recently as two years ago profit was planned according to the achieved amount of construction and installation work; now profit is planned only according to what was the planned amount of commissioning and commodity construction product. In other words, all commissioned facilities must be profitable. As the result of this approach things happen that at first glance appear to be paradoxical. For example, the construction project was commissioned on time, but it was a financial loss and the organization did not fulfill the profit plan. What is the problem? The problem is that the construction project was carried over by time periods, which led to the builders permitting an overexpenditure of materials and wages or making inefficient use of equipment.

What happens when the profit plan is not fulfilled? By not having their own working capital, the construction organization appeals to the bank for a new loan, but at an increased interest rate. Financial difficulties begin to grow like a snow ball. Nonfulfillment of the profit plan is a reliable barometer of how things stand in an organization.

Today we can with certainty affirm that self compensation is the economic mechanism that provides positive advances in the main questions of construction work.

First, it is the stable growth in commodity construction product. If one traces the dynamics of its growth from the beginning of the experiment, it looks like this: 1977 - 170 million rubles, 1978 - 191 million rubles and 1979 236 million rubles. What is more the actually obtained commodity product each year significantly exceeded what had been planned. And this happened with a constant growth in the construction program and with the work becoming more complicated.

It is clear that the new principles of planning are forcing the organizations to implement all available reserves. Primarily in the organization of labor. It is no accident that it was in 1979 that the use of the brigade contract was expanded for the first time ever to what had been established by the plan. There were construction administrations and even trusts working entirely on the brigade contract.

High-speed construction was used extensively. A graphic example of the great opportunities that have been opened by high-speed construction is the construction within 100 days of Moscow's largest underground pedestrian crossing at the Prospekt Mira Metro Station and the very large Yuzhno-Izmaylovskaya hot water main with an almost 3-fold reduction in time periods. This year it is planned to build more than 20 construction projects using high-speed methods.

The principle of self compensation has substantially affected the smoothness of work. Previously more than half of the commissionings of projects came in the fourth quarter; and in 1976, for example, 76.1 percent of the commissionings came in the second half of the year. By 1978 the situation had changed, 66.6 percent in the second half of 1978 and 58.2 percent in the second half of 1979. The equalization of the rhythm of commissioning came at the same time as the growth in the number of projects being handed over. In 1976 538 facilities were put into operation, in 1978 - 596 and in 1979 - 660.

All of this has made it possible to establish normative, stable relations between Glavmosinzhstroy and the State Budget. Glavmosinzhstroy makes full payments within established time periods. There has also been increase in their amount: last year it amounted to 21 million rubles.

Cost accounting with full self compensation created a direct relationship between profit and payments into the State Budget. In 1979 profit increased as compared with the preceding year by 38 percent. This made it possible to noticeably increase the material incentive funds.

Previously, for example, the maintenance of kindergartens and the development of the production base of Glavmosinzhstroy were financed by the government (nearly 8 million rubles). Today all expenditures are fully recovered through profit earned by the construction trusts. Last year out of 30 million rubles in profit, more than 10 million, and not 6 million as before, were used to create incentive funds. In particular, the material incentive fund grew by almost 1.5 million rubles. This makes it possible in conditions of the sharp intensification of production to more flexibly motivate competition leaders, to introduce payment of one-time bonuses for the fulfillment of particularly important tasks from the special fund of the chief of the main administration.

This year it is planned to build two apartment buildings for skilled workers using their own forces. The funds for this will be taken from the profit that was planned this year in the amount of 30 million rubles. We did not manage to do this in previous years.

Relations between the builders and the machine operators have eased. New contractual relations have been adopted between them. This has made it possible to direct the machine operators toward fulfillment of the amount of work required to commission a construction project and to eliminate equipment standdows. Today the machine operators are paid by the builders in accordance with the time periods and the amount and quality of work that they do to commission a planned construction project. A good example of the overall motivation toward the final result is the close cooperation of the Mosteploset'stroy /Moscow Trust for the Construction of Hot Water Systems/ and Mosinzhstroymekhanizatsiya /Moscow Trust for the Mechanization of Construction of Engineering facilities/ No 2. The machine operators fulfilled for the builders of hot water systems last year work amounting to 2,360,000 rubles; most of the work was at facilities planned for commissioning.

Thus, the work of the main administration on full self compensation during this year has brought positive results. What is next?

The search for ways to increase the efficiency of production will continue. The large possibilities of the big specialized planning and construction associations have not been exhausted. Here we have mind associations for tunneling or road building. Their creation is planned for the near future. It would also be advisable to join together within the framework of a single organization the planning and construction of engineering facilities. In the near future the adoption of the indicator of normative net product (NCHP) in construction is planned. At present only the industry of the main administration is working according to this indicator.

All of this must create an uninterrupted, long term technological flow and provide a steady growth in finished construction product.

However, there are still several problems, which have become more acute in connection with the switch to full self compensation. The main problem is that the planning organs must organize a clear five-year planning. Now as before construction that is in progress is planned under a large number of construction projects in small amounts, which leads to the dispersal of funds and the limiting of appropriations for delivery construction projects. It is necessary, finally, to solve the question of establishing a single plan indicator - for commodity construction product for the contractor and the customer; this will increase the responsibility of both sides for the quality of plan assignments and the time periods for their fulfillment. The Main Administration of Capital Construction and our other customers still are not forming a commodity product plan along with the capital

construction plan. Apparently the work of the transport organizations should also be subordinated to creating a finished construction product.

The solution of these questions will make it possible to more efficiently fulfill the decree of the Party and government concerning the improvement of the economic mechanism.

Official Interviewed

Moscow STROITEL'NAYA GAZETA in Russian 1 Jun 80 p 2

/Interview of V. Balakin, Deputy Chief of the Department of Construction and the Construction Industry of the USSR Gosplan: "Commodity Construction Product"

/Text The drawing up of the normative documentation, which is being created in accordance with the decree of the CPSU Central Committee and the USSR Council of Ministers concerning the improvement of the economic mechanism, continues. Recently USSR Gosplan approved the Temporary methodological instructions for the planning of commodity construction product. Our correspondent met with V. Balakin and asked him to comment on the document.

/Question Vyacheslav Alekseyevich! Almost a year has passed since the decree was passed to improve the economic mechanism. Today we can clearly see ways to make this most important document a reality. We newspapermen have met with the managers of construction subelements at various levels. Far from all of them are enthusiastic about the impending changes. Some feel certain that the old system of planning and evaluating the work of the construction subelements is sufficiently efficient and that there is no reason to make any unnecessary fuss. This also touches upon questions of evaluating commodity construction product. In a word, there is a certain psychological barrier.

/Answer Yes, unfortunately, you are right. We have also run into this barrier. It is very important that we overcome this barrier because a substantial improvement of affairs in capital construction depends upon it. The system that has existed for years and which is defended by some shortsighted economic managers was rarely aimed at the final national economic result. In recent years this has become especially noticeable; unfinished construction work exceeded the framework of all norms; and billions of rubles in state funds were frozen.

The decree of the Party and government concerning the improvement of the economic mechanism directs all participants in construction work toward final national economic results. Now the basic cost indicator for the ministries and departments performing construction and for the construction and installation organizations is the amount of commodity construction product. This indicator is being approved by the ministries and departmental customers for their subordinate enterprises. Estimates between the customer and contractor will also be done according to commodity construction product. The content of this indicator was specified in the recently approved Temporary methodological instructions.

Question Just what is commodity construction product?

Answer It is the estimated cost of construction and installation work for enterprises that are handed over to the customer, including segments and complexes scheduled for completion that year. It also includes construction projects that are ready to start turning out a product or rendering a service. This is the classic definition, which by its economic content fully meets the assignment for the commissioning of fixed assets, production capacities and construction projects in real indices. However, this is not all there is to commodity construction product.

Frequently before the completion of the outfitting of the enterprises and their segments, individual projects begin operating. The new indicator includes the cost of the construction and installation work left after the commissioning of the enterprise according to the complex scheduled for completion that year and to the erection of the titled temporary buildings and facilities, and also the individual construction projects and complex of specialized work that is performed according to direct contracts with the customers. The total amount of commodity construction product includes the estimated cost of capital repair on the whole for the project or facility and other contract work.

Question Such is the content of commodity construction product, which can be the final result of the work of only the general contract organization. How is the new indicator defined for subcontracting organizations?

Answer As before, the specialized organizations will perform the appropriate kinds of work according to subcontracted agreements. Commodity construction product for them will be the estimated cost of the complexes or kinds of work that are handed over to the general contractor.

/Question/ But the time periods for fulfilling special work do not always coincide with the completion of construction. There are quite a few technological operations that are performed before the construction project is outfitted - the hydro-alluviation of the site, the driving of posts and so forth. How can this be directed at the final result?

/Answer/ This is an important point. According to the temporary methodological instructions the commodity construction product of the subcontractor organizations is the completed and handed over to the general contractor complexes regardless of the time period for handing over to the customer of the entire enterprise or project. But at the same time the estimated cost of these complexes is not the commodity construction product for the customer, but it remains a part of the unfinished work on the balance sheet of the general contractor. Based on this it has been determined that the total indicator is derived from the commodity construction product for the general, direct and subcontracted agreements, including capital repair and other contract work.

/Question/ What happens then in this case with the usual indicator "by their own means"?

/Answer/ The methodology for determining the amount of commodity construction product that is performed using their own means derives from the existing organizational structure of management in the sector. After all the decree concerning the improvement of the economic mechanism determined that the basic cost accounting link of construction work must be the associations, and in some cases the trusts. At this level, i.e., for the organizations affected by the Statute governing a socialist state production enterprise (the primary link of management), the total amount of commodity construction product is determined according to the amount of general and direct contracts and also according to subcontracted agreements regardless of departmental subordination. What is more the work that is performed according to subcontracted agreements for each other by the organizations that enter into the primary link of management, will not be considered as commodity construction product. For this reason the new indicator, which is carried out by their own means, for the association (trust) will be determined arithmetically: from the total amount they will deduct an amount that was fulfilled from the beginning of the construction by the subcontracting organizations that are involved.

/Question/ How will the middle and higher links of management - the all-union associations, main administrations, ministries and departments - determine commodity construction product?

/Answer7 Here one must take into consideration the so-called "internal subcontract". We have in mind the final result of the work of the specialized organizations which themselves are the primary link of management and which fulfill orders according to subcontracted agreements for other organizations which in turn are part of the middle and higher level of management. For this reason it is necessary when determining the amount of product that has been fulfilled by the main administration using its own forces, to first of all exclude from the total amount the portion that was done by outside subcontracting organizations. Then one must take into consideration the product that was performed according to subcontracted agreements solely by the organizations of the main administration for other of its subelements.

/Question7 How strange. Couldn't you explain this with a specific example?

/Answer7 Of course. Let us say that the total amount of commodity construction product for the main administration is 400 million rubles. Outside subcontractors provided 80 million rubles worth of product. In addition, during this same year some organizations of the main administration completed 40 million rubles worth of complexes for other of the administration's subelements according to subcontracted agreements. This sum is not included in the total amount because the construction projects will be handed over to the customer in subsequent years. At the same time the complexes that were completed solely by organizations of the main administration for the others prior to the start of the accounting year, some 20 million rubles, were included in the total amount. Having these data, we calculate that the amount of commodity construction product fulfilled by their own forces, on the whole for the main administration will be $400 - 80 + (40 - 20) = 340$ million rubles. This is how the the volume of product for the entire ministry is determined. Moreover the estimated cost of the construction and installation work accepted by the customer at the beginning of the year 1981, is not included in the amount of commodity construction product that was fulfilled using their own forces. This is so regardless of the forms of estimates for the completed work.

/Question7 The switch to the indicator of commodity construction product in and of itself is an important economic undertaking that requires a restructuring of the planning system. What is being done about this?

/Answer7 First of all the appropriate changes were made to the standardized forms for drafting five-year and annual plans for capital construction. In addition forms for the draft plan for

commodity construction product and the distribution of the amounts of the new indicator by executors were introduced. These forms must be prepared by the ministries and departments-contractors and customers within the summary draft plan. In protocol-order form No "4-pks" for each position the numerator must indicate the amounts of construction commodity product and the denominator must indicate the contracted construction and installation work.

In conclusion I would like to appeal to the readers of "Stroitel'naya Gazeta" with the following proposal. The draft plan for commodity construction product on the scale of the Soviet national economy is being drawn up for the first time ever. Its quality will largely depend upon the fulfillment of the decree of the CPSU Central Committee and the USSR Council of Ministers concerning the improvement of the economic mechanism and the temporary methodological instructions that we are now discussing. Based on the experience of the practical application this year of the new indicator, the appropriate changes will be made to the methodology. We would hope that all practical workers - the planners and organizers of construction work - would not only technically correctly carry out the rules of the temporary instructions, but also give them some thought and report their opinion on how the methodology can be improved. This will without doubt enable us to implement the decree of the Party and government concerning the improvement of the economic mechanism.

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CONSTRUCTION

POOR PLANNING ROOT OF KURSKAYA OBLAST CONSTRUCTION PROBLEMS

Moscow PRAVDA in Russian 14 May 80 p 2

[Article by V. Sevast'yanov and N. Utkin: "Heavy Load"]

[Text] Nikolay Alekseyevich Nikitin, chief of the "Kursktyazhstroy" all-union association, received a second reprimand last autumn. He was punished for slow construction of the Zolotukhinskiy Sugar Refinery. The pity is that he has headed the association for less than a year.

"A glorious beginning," he says ironically.

Nikitin accepted his punishment silently, without pointing to his predecessor. The scheduled start-up of the refinery had in fact long since passed. Its foundation had been laid six years ago, but very little has been done since. And prospects are also poor. We visited the construction site and spoke with the people there, which convinced us of that.

"There are no workers," explained O. V. Aleynikov, director of the future enterprise. "We now have half the number required at the site."

This is a typical, graphic example of ill-conceived construction management. Site selection was poor -- a bare field some 40 km from Kursk. Perhaps the planners were trying to use less fertile land for the plant? No. Some 220 hectares of chernozem was removed from agricultural circulation.

Had the site been chosen near the city, it would have been simpler to supply it with people, materials and equipment. Construction of the enterprise was entrusted to the "Kurskrudstroy" trust, which was already overloaded with projects at the Mikhzylovskiy Ore Enrichment Combine. Its base was in Zheleznogorsk, 160 km away. People and components are now being brought in from there. It is easy to imagine what all that costs.

The plant is being put up from scratch, so a worker settlement is naturally required. Fourteen million rubles was allocated to create one. Only one fourth of that amount has been utilized over the past six years. There is not enough housing and there are no schools, hospitals or kindergartens.

In a word, a hard lot is already in store for those coming to the embryonic construction site. The money invested in it is out of circulation and is bringing no return. Many such unfinished enterprises, shops and housing units have accumulated in Kurskaya Oblast.

And not just here. "Unfinishes" weigh heavily on capital construction. They equal approximately one year's work volume. That is if no other new projects are started. But that is naturally not the case. Construction workers are given a plan each year and they must carry it out.

So people scurry about, patching the tears in the robe. Last year, the top priority task in Kurskaya Oblast was to put capacities at the Mikhzylovskiy combine into operation. And the "Kurskrudstroy" trust's collective released these facilities for operation, although the task was initially beyond them. What happened is that so many people were brought in that they sometimes got in each other's way. There would be a sugar refinery here for sure! Dozens of other construction sites were left desolate. Less important projects stopped.

Like trains thrown off schedule, these third-priority projects will now stand even longer waiting for a green light and will be considered "unfinishes."

And when will they be put into operation? A hard question, the answer to which cannot be found in Kursk, Zheleznogorsk, Kurchatova, Sudzha or Zolotukhino. "Unfinishes" account for 566 million rubles at state projects in Kurskaya Oblast alone. That is 16 percent more than the "Kursktyazhstroy" association, "Kursksel'stroy" administration, Obimezhkolkhozstroyob'yedineniye and other subdivisions taken together are in a position to do in one year. Why is this happening?

Planning defects emerge as the foremost culprit here. For some reason, when determining the contractor to whom to entrust construction of a new project, the ministries and departments rarely ask if it is within that organization's ability. The usual practice is to say it must do it. The arguments of the leaders of construction subdivisions are not generally taken into account, and it is useless for them to argue their point of view. No one will listen to them.

It therefore is frequently the case that the titles lists include projects which lack even estimate-planning documentation and agreed-to funds. As a result, we have even more potentially unfinished projects. A graphic example is the bearing plant shops in Kursk and agricultural complexes. One such complex, intended to raise 54,000 pigs per year, is being put up not far from Zheleznogorsk by that same "Kurskrudstroy" trust. It has been under construction for six years now! It has utilized slightly more than half the 14 million rubles in capital investment allocated. And, surprisingly, builders even overfulfilled plans during the first three years, pleasing everyone. But when this was carefully examined, it turned out that those plans were uncommonly easy as compared with the collective's potential.

Time passed, the scheduled start-up dates drew near, and the plans grew. It met the plan for the past two years by only 40 percent. This "unfinished" was born of a miserly allocation of funds during the initial years of construction. But the Kurskaya obkom gave this a different interpretation. They apply different measures: if a project was not included by the client in the list of projects scheduled for start-up, then it cannot be included among above-normative "unfinisheds."

A strange procedure. Incidentally, it is commonplace elsewhere besides Kurskaya Oblast. If such an approach is followed, the hog-raising complex, categorized as a start-up project for next year could, with an effort, be released "ahead of schedule" and even receive a bonus. But such manipulation will not rescue it. No matter how you twist it, this is a consequence of deliberate planning, of mismanagement, of a scattering of personnel and material resources. It would have been more proper to have oriented ourselves towards a prompt start-up, towards doing everything possible to ensure that the new capacities would provide a return more quickly by producing output sooner.

And here is just the right moment to refer to the experience of Kursk's neighbors in Belgorod. Subdivisions of the "Belgorodobl'sel'stroy" and Obl'mezhkol'khozstroyob'yedineniye administrations required only two years to put up a complex for 108,000 hogs in Gubkinskiy Rayon. In October of year before last, they began building structures to house another 54,000 hogs, as many as are planned for the Zheleznogorsk facility, and they released them for operation in December of last year, having compressed the normative schedule two-fold. This summer, the final line of this large meat factory complex will go into operation. Let us add that a beautiful settlement consisting of multistory buildings is going up simultaneously with the factory buildings some 1.5 km away.

Neither can we fail to mention one other remarkable detail: the cost of the facilities previously put into operation has already been recompensed. The annual profit of "Gubkinskiy" sovkhoz from hog sales exceeds five million rubles; the farm is highly profitable. These are the heights to which Kursk workers must aspire, the experience which they should imitate.

And there are also projects put up quickly and well by the Kursk construction workers' aktiv itself. They include the pelletizing factory and other facilities at the Mikhzylovskiy combine, the first power unit of the Kursk Nuclear Power Plant, and the country's largest tannery. These facilities were under the unremitting supervision of central agencies and the oblast party committee. Forces and material resources were assembled here.

But forces are not limitless and resources are limited. There is but one way out, as was stated above, to stop less important projects. Due to planning defects and an abundance of inflated assignments, the "Kursktyazhstroy" has failed to start-up half the projects in the USSR Gosplan products list on time during the current five-year plan. Why, then, were so many begun and why were so many funds and materials in demand frozen and so many forces scattered?

We address this question first of all to the USSR Ministry of Construction of Heavy Industry Enterprises because it is not just the Kursk builders who are in this situation. The ministry's "unfinishes" also equal a year's work. Radical changes are probably needed in the planning system, which must be coordinated more closely with the opportunities available to the associations and trusts.

It is not just builders who are to blame for the growth in "unfinishes." Clients, supply agencies and planners also "contribute." Everyone we managed to talk to had a number of complaints against them and cited specific instances of miscalculation and lack of interaction among these production links. The estimated cost alone of the complex near Zheleznogorsk has increased by nearly five million rubles, or by one-third. Nearly a million rubles annually!

But why has the start-up of these projects been delayed so much? The first reason is economic. It is advantageous to builders to begin all new projects where there is much expensive work and disadvantageous to do labor-intensive finishing work in the start-up stages. This has been mentioned repeatedly in the press. Another reason is that considerable funds and materials are "eaten up" by unplanned construction projects. This evil has not been combatted persistently in the oblast. The number of such projects is not being reduced. Last year, kolkhozes alone built upwards of 200 such projects at a total cost of about four million rubles. At the same time, many planned projects were not put up. Thus far, only the oblast Gosbank office has attempted to influence those building on their own. Kolkhozes, sovkhoses and other organizations and institutions within their sphere of service are not granted loans and financing stops. Sad to say, the oblispolkom and oblast agriculture administration have not displayed such vigor.

In fairness, let us note that the style of construction leadership, to judge from the situation which has developed in this important branch, is beginning to change. The influence of the decree adopted by the CPSU Central Committee and USSR Council of Ministers on improving the economic mechanism is being felt. It anticipates, beginning next year, evaluating the labor of builders solely on the basis of completed projects. For the time being, they are still esteemed on the basis of "gross." The talk everywhere is just about how much "funds have been utilized," then about what has been finished and is ready for operation.

Not much time is left before the change-over to the new management conditions, but preparations for it are moving slowly, as we can see. It will be hard to work under the new conditions for those who come to the end of the five-year plan with a heavy load of "unfinishes." How can they get out of it? We asked the leaders of many subdivisions about it. The answer was a shrug of the shoulders, general discussion about difficulties, about how some sort of steps should be taken. But which ones?

The oblast party committee would seem to have taken a decisive, correct step. A prestigious commission headed by A. F. Gudkov, first secretary of the oblast committee, has reviewed the titles lists.

"We have eliminated more than 100 projects proposed by various departments," he said. "Our attention was focused on the most important thing, on what is in the completion stage, on what has the highest percentage of readiness, on what can yield a return most quickly."

A correct course. By following it, construction work can be done more successfully and the above-normative "unfinishes" which do enormous damage to the economy can be reduced to naught.

11032

CSO: 1821

CONSTRUCTION

SOVIET OLYMPIC OFFICIAL CAPSULES PREPARATIONS FOR SUMMER GAMES

Moscow NOVOSTI DAILY REVIEW in English 10 Apr 80 pp 1-5

[Interview with Vladimir Promyslov, Chairman of the Executive Committee of Moscow's City Soviet of People's Deputies, by a PRAVDA correspondent:
"Hospitality Moscow Style"]

[Text] [Question] It is well-known that many sports arenas earmarked for the 1980 Olympics were tested during the USSR Games last summer. New sports facilities have since been put into service, but some are still under construction. Would it be right to say that all the projects will be completed in time?

[Answer] As many as 25 new sports facilities had to be built or modernized for the Games of the 22d Olympiad. Some of them were ready by the 7th USSR Summer Games--a year before the Olympics. Their finals were staged at all the sports facilities of the Lenin Central Stadium in Luzhniki, at the rowing canal in Krylatskoye, at the modernized soccer and track indoor stadium of the Central Army Sports Club, and in other sports arenas. The USSR Games proved the high standards of the readiness of these Olympic facilities. They were highly appraised by the athletes, foreign sports experts and spectators.

A new velodrome in Krylatskoye was put into service after the USSR Games. The tests have shown that it opens fine opportunities for top-class performances. Archery fields and a circular cycling road have also been built in that sports zone.

All the other sports arenas are nearing completion. I want to mention first of all Europe's largest indoor stadium and swimming pool, built near the Peace Avenue, the equestrian center in Bitsevo, the multipurpose sports hall in Izmailovo, and the Dynamo Sports Palace in the Lavochkin Street. All of them will be completed in late April or in May.

Along with the modernized and newly-built sports facilities, about forty other sports arenas will be used by the Olympic athletes for training.

The successful preparations of the Soviet capital for the Olympic Games are the result of the efforts of hundreds of work collectives, of many thousands

of people, of the organisational work of the Moscow City Party organisation, and of the great assistance on the part of the CPSU Central Committee, the USSR Supreme Soviet Presidium, and the Soviet government.

[Question] Of course, the Moscow Soviet's Olympic preparations concern not only the construction of sports facilities. We know that the workers of transport, communication, everyday services, and other sectors of the city economy are also getting set for the Olympics.

[Answer] The 82d session of the International Olympic Committee was held at Lake Placid in early February. We stated there that Moscow was practically ready to stage the Olympic Games. We meant both the state of the sports facilities, and the level of the preparedness of all the spheres related to the reception and accommodation of the athletes, officials, guests and tourists, and to the services for them.

The Olympic Village has been built in the south-west of Moscow, in one of its best areas. The new hotels--"Kosmos" on the Peace Avenue, "Salyut" in Tropar'yovo, "Sevastopol" in the Volkhonka, and the House of Tourism in the Street named after the 26 Baku Commissars--have been completed. Finishing work is going on at the hotel complex in Izmailovo. The newly-built hotels will have 27,000 beds. The 44 existing ones will also be used for the Olympic purposes. The Moscow hotels will offer the Olympic visitors all the modern comforts and services. Student hostels are also being prepared to receive the tourists. As many as 130 comprehensive service bureaus are being set up at the hotels and hostels. They will cope with the orders within 3-24 hours.

Over 300 public catering establishments will function at the places where the Olympic visitors will be accommodated and 65 outdoor cafeterias for 25,000 have been built specially for the Games.

New lines of surface passenger transport have been laid, its rolling stock is being renovated and replenished, and its intensity is being increased. Special attention is paid to the transport services for the Olympic athletes, officials, guests of honour and newsmen. Over 7,200 buses and 4,000 cars will be used to this end.

Work is nearing completion on preparing the necessary medical facilities.

All told, more than 100,000 people will provide services for the Olympic Games in different sectors of the municipal economy.

[Question] The success of the Olympics largely depends on the moral atmosphere in the capital of the Games. What can you say about the Muscovites' attitude to the coming sports forum?

[Answer] Hospitable and well-wishing Muscovites met with great enthusiasm the IOC decision to grant the city the honour of hosting the Olympics and immediately started preparations for the Games.

Many Muscovites have taken an active part in the building of Olympic projects and providing amenities for them. The 1980 Olympics Organizing Committee continues receiving donations from citizens. Each Muscovite considers it an honor to promote the success of the Games in some way or other.

The Muscovites know that all Olympic preparations are part of the master plan of the city's construction and modernization aimed at the further improvement of their working and living conditions and recreation. They are well aware of the fact that the implementation of this vast work is one more step in accomplishing an important task set by the Soviet Communist Party--to make the Soviet capital a model communist city. The realization of this high aim creates a good moral atmosphere in Moscow.

Hospitable Muscovites will show foreign visitors the sights of Moscow and nearby places and tell them about the life of Soviet people and the USSR's economic, scientific and cultural achievements.

Like all Soviet people, the Muscovites unanimously back the Olympic movement. They firmly believe that the Moscow Olympics will greatly promote understanding, friendship and peace among nations. They are giving a firm rebuff to the intrigues of the opponents of the Olympic movement and condemning the activities by the U.S. Administration to boycott the 22d Games.

Moscow will accord a warm reception to all sportsmen, officials, guests of honor, newsmen and numerous tourists. The Muscovites say, "Welcome to the 1980 Olympics!"

22d Olympics: Facts & Figures

Contestants in 21 events will be vying for 203 sets of medals.

Within 30 days the Olympic flame, kindled in Olympia, Greece, will travel to Moscow nearly 5,000 kilometers.

Moscow's Olympic Village has an area of 107 hectares.

Three hundred doctors and as many paramedical personnel will be taking care of the Olympians' health.

During the Games 20 international TV and 100 radio programs will be broadcast from Moscow.

As many as 10,500 interpreters in 43 languages will work at the 22d Olympics.

As many as 18,000 cooks will work at the Games.

The Olympic post-office will daily handle five million letters, parcels and printed matter.

The Moscow decorative art factory will make more than 1,500 flags of the participating nations to be used at the Olympic ceremonies.

The Games' cultural program will include 600 theater performances, 1,500 concerts and 450 circus shows.

The new Olympic air terminal Sheremetyevo-2 will handle 2,100 people every hour.

On the eve of the Games the Olympic computer will be fed data on 35,000 sportsmen, officials and referees and also horses for pentathlon and equestrian contests.

The timing system manufactured specially for the Olympic TV and radio complex in Ostankino will have a very high precision--erring not more than one second annually.

CSO: 1812

METALWORKING EQUIPMENT

TBILISI CONFERENCE ON GEORGIAN MACHINE TOOL INDUSTRY

Tbilisi KOMUNISTI in Georgian 11 Apr 80 p 1

[Gruzinform article under rubric "In the Georgian CP CC": "The Machine Building Industry Must Become a Key Sector"]

[Text] An expanded conference was held in the Georgian CP CC to discuss measures to further improve the work of the enterprises of Georgia's machine building industry and strengthen party supervision of products in accordance with the requirements set forth at the March 1980 conference of machine building and instrument making industry workers in the CPSU CC, also to discuss the tasks deriving from the CPSU CC and USSR Council of Ministers decree "Substantially Enhancing the Technical Level and Competitiveness of Metal Working, Casting, and Woodworking Equipment and Instruments."

The conference was participated in by republic party, soviet, and trade union officials, officers of a number of ministries and departments, scientists, directors of large enterprises, project-planning and scientific-research institutes, special design buros, and construction and installation organizations, chief engineers, party organization secretaries, leading specialists, and representatives of the press, radio, and television.

The keynote speech was delivered by GCP CC Secretary Z. A. Chkheidze.

Speeches and reports were given concerning the work done in the matters under discussion by GSSR Gosstroy Chairman G. Z. Mirianashvili, GSSR Construction Minister N. A. Medzmariashvili, Machine-Building Project Planning-Technological Scientific-Research Institute Chief Engineer G. G. Dateshidze, Stankostroitel' Production Association Chief Engineer T. A. Katamadze, Tbilisi Steel-Pig Iron Plant Director D. G. Mandzhgaladze, Instrument

Plant Director Sh. A. Koiava, Machine Building Specialized Design Bureau Head G. A. Bendukidze, Transcaucasian Railroad Head L. G. Vardosanidze, and GSSR Highways Minister G. V. Robitashvili.

The conference was participated in by GCP CC Industry and Transport Department Head B. Z. Barsukov and Tbilisi Gorkom Secretary D. D. Makharashvili.

The keynote speaker and the other comrades who spoke commented on the importance of the CPSU CC and USSR Council of Ministers decree on the development of the machine building and instrument making industry. It is a multiplaned document mapping out a qualitatively new stage in Soviet machine building and instrument making. It stipulates that the technical level and productivity of the machine tools, forge-press and casting machinery and instruments manufactured in the country must be sharply enhanced and the production of the most advanced types of machinery and equipment must be significantly increased.

In carrying out the tasks set forth in the decree, a substantial contribution must also be made by Georgian machine builders, scientists, designers, project planners, and builders.

It was noted that USSR machine building and instrument making industry enterprises and organizations located in the republic have been doing a great deal to boost production output, enhance the technical level, and improve quality. Industrial output during the Ninth Five-Year Plan, for example, grew at the rate of 169 percent; measures were implemented to renovate enterprise equipment and put additional facilities into operation.

The sector also got off to a good start in the 10th Five-Year Plan. Since 1978, however, the situation has deteriorated, and we face the danger that it may not be able to meet five-year plan targets. The main cause of the lag is the lack of enough advanced technology. For example, individual production facilities in the Machine Building Association have been built and remodeled from time to time, but an integrated operation provided with balanced capacity has yet to be created. Nor has an integrated remodeling project plan been worked out.

Nor is the situation any better in the Tbilisi and Rustavi steel and pig iron casting plants. Remodeling of the Tbilisi enterprise, started last year, is going very slowly. Defects have been found in the project-planning and construction of the basic and auxiliary facilities of the Rustavi plant, with the result that there are serious shortcomings in starting up its production facilities; this is making it difficult for operations personnel to work normally.

To this day not enough attention is being paid to the selection, training, and job placement of skilled workers and specialists, strengthened labor

discipline, and the resolution of social-amenity problems. This is why cadre turnover runs as high as 25 to 30 percent in the sector's enterprises. Socialist competition and the communist labor movement are often merely formalistic in character.

It was noted that in light of the situation and in accordance with the high standards imposed by the CPSU CC on the whole sector, it is essential to focus attention primarily on the sector's further development, on unconditional implementation of measures set forth for the machine building sector in the CPSU CC and USSR Council of Ministers decree. This document, which sets forth the task of creating new, highly-competitive and maximally-effective machine tools and equipment, at the same time points the way to carry out the task. The main thrust in the development and refinement of technology comprises a high level of automation. So far, however, the proportion of automatic and semiautomatic machine tools in the overall inventory is low. Of all the machine tools in the national economy, for example, only about 15 percent are digitally controlled. The task calls for boosting their production by 2.5 times.

Utilization of machine tools in our republic is not sufficiently effective. In Tbilisi's Stankostroitel' Production Association, for example, the more than 60 digitally controlled machine tools are being utilized pretty well. Yet here again there are reserves for raising utilization effectiveness. They include refining the structure of present control systems and increasing the number of part items to be manufactured for these machine tools. Officials and party organizations of the Tbilisi and Rustavi steel and pig iron plants also have considerable work to do to introduce advanced and more effective technological processes.

Large tasks also face the workers of the instrument making industry. Instrument making in the republic is engaged in by Tbilisi's Instrument Plant and Experimental Fitting-Installation Instrument Plant. But their performance is not up to the new, higher standards. In this respect, more help needs to come from the scientists, designers, and technologists. Close contact with production is always fruitful. For six years now, for example, the Rustavi Metallurgy Plant has been operating a pipe end cutting tool developed by the Machine Building Technology Department of the Georgian Polytechnical Institute. It has radically changed pipe rolling technology and yielded an economic effect of 300,000 rubles per year. In addition, the department's staff designed, manufactured, and installed for Tbilisi's Aviation Plant imeni Dimitrov an original digitally controlled adaptive system for milling machines which has substantially increased their productivity and precision.

Interesting research has been carried out in the development of solid alloys with no or little tungsten for metal-cutting tools. Participants noted that the machine builders expect more from the Machine Building Project Planning-Technological Scientific-Research Institute. In the matter of renovating the sector's enterprises and enhancing their technical level,

a contribution must also be made by the institutes of the republic's Academy of Sciences, the State Committee for Science and Technology, and the Scientific-Technical Societies.

In light of the higher standards set for machine building today, it is essential to make a substantial improvement in providing the sector's enterprises with high-quality metal, industrial rubber products, chemicals, and up-to-date tools and equipment.

In October of last year, with the direct participation of USSR Machine Building and Instrument Making Industry Minister Comrade A. I. Kostousov measures were mapped out in the republic to further develop, raise the technical level, and improve the quality of production output in the enterprises of Georgia's machine building and instrument making industry. But these tasks have acquired even ~~more~~ scope and scale since the CPSU CC and the USSR Council of Ministers decree was passed.

Our republic has an honored and at the same time very responsible role to play in the country's machine building development program. Among the most important machine building and instrument making industry enterprises to be built is the Marneuli Machine Tool Plant. In terms of its size and technical indicators, it will be gigantic. From the very outset we must prepare very carefully to begin construction of this plant. The first steps have already been taken. Recently in the GCP CC representatives of the GSSR Council of Ministers, the State Planning Committee, Gosstroy, and other departments, scientists, and production workers studied the project and made their own proposals. So far, however, this is all preliminary.

Participants noted that in view of our lack of experience in building projects of this scale, it is essential first of all to send groups of specialists to similar facilities throughout the country to study the experience in organizing the work. In addition, we must make maximum use of the current year to carry out preproject and project-planning work, to designate construction participants, to determine the sequence, and also ensure timely submission of the assignment of project-research work. The GSSR Automotive Transport and Highways ministries, Gruzglavenergo, the Transcaucasian Railroad Administration, and other republic departments and ministries must draw up their own program of action.

The machine tool sector requires a greater influx of qualified specialists and workers. Therefore, as participants noted, the GSSR Higher and Secondary Specialized Education Ministry, the State Committee for Vocational-Technical Education, and other organizations must get right to work to map out integrated measures to train the needed cadres.

In implementing the machine tool development program, a prominent role is assigned to party, soviet, trade union, and Komsomol organizations. Implementation of the CPSU CC and USSR Council of Ministers decree is crucially dependent on the quality of their organizational efforts. It is also essential that we make socialist competition an even more powerful factor in order to carry out the party's and government's assignments ahead of schedule so that Soviet machine tool building can become a key sector of the country's industry.

METALWORKING EQUIPMENT

ARTICLE DETAILS SERIOUS SHORTCOMINGS IN MACHINE BUILDING SECTOR

Moscow *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA* in Russian
No 5, 1980 pp 32-52

[Article by Doctor of Economic Sciences and Professor S. A. Kheyman, USSR Academy of Sciences Institute of Economics: "Organizational-Structural Factors of Economic Growth"]

[Text] In defining the main directions in which all planning work is to be improved, the CPSU Central Committee and USSR Council of Ministers Decree "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality" placed first the selection of the most effective ways of achieving highest national economic end results. In this connection, the use of organizational-structural factors in increasing socialist production efficiency becomes especially important.

USSR Economic Growth and Failure of Rate of Increase in Resources to Conform to Social Production Results

Over the past two decades, the USSR economy has grown significantly; the technical level and volume of material production have risen substantially. From 1960 through 1978, national income tripled; labor productivity and real per-capita incomes grew 2.5- and 2.2-fold. Industrial production of means of production and the nation's fixed production assets increased 4.1- and 4.4-fold, respectively. Annual capital investment volume and amount of fixed assets put into operation more than tripled.

At the same time, the 1970's have been characterized by a slight retardation of the rates of growth in material production amounts and effectiveness (see Table 1, page following). In this regard, the rates of growth in material production resources have slowed less than the rates of growth in social production results.

The USSR is catching up or has caught up to the USA in amount of fixed production assets, fuel extraction and production of basic construction materials (foremost in ferrous metals and cement), in metalworking equipment

Table 1. Average Annual Rates of Increment in Indicators of USSR National Economic Development, in percent

	1961-1970	1971-1978	1979
fixed production assets	8.9	8.2	7.2
national income used for consumption and accumulation	6.4	4.8	2.0
social labor productivity	6.2	4.3	3.7*
fixed industrial-production assets	9.8	8.2	7.4*
all industrial output	8.5	6.5	3.4/4.8*

*1978 data

available, amount of area sown, number of head of livestock and mineral fertilizer production, amount of capital investment and labor resources employed in material production. However, the ratio of the amounts and dynamics of the resources of the two countries is considerably more favorable to the USSR than the ratio of technical level to production results -- output volume and dynamics, national income, labor productivity and return on capital. This means that resources expenditures per unit of social production results in the USSR are substantially higher than in the USA, which means a lower return per unit of resources.

"Enormous sums are being invested in the national economy," said L. I. Brezhnev at the November (1979) CPSU Central Committee Plenum. "The country has taken over first place in the world in the extraction of many types of fuel and raw materials, in the production of pig iron, steel, cement, mineral fertilizers, and a whole series of other indicators. Production assets are being increased continuously and ever more labor resources are being drawn into production. But we are obtaining a lower end result than must be obtained as indicated by our opportunities. Hence the disproportions, deficits and inadequate reserves." What are the main causes of this situation?

The data given above on resources amounts and dynamics and production results give us grounds for assuming that, along with rates of equipment increase and up-dating, the following also play a large and largely decisive role:

- the production structure which has evolved historically and which is currently being shaped in the five-year and annual plans, a structure under which existing and developing production resources are channeled and used;
- the use of production resources, that is, production organization, its organizational structure.

Shortcomings in this area can lower end results below the level which might be reached given the opportunities of scientific and technical progress which have already been actualized.

In the economic literature, a reduction in return on capital is often associated with changes in the branch structure of production. Structural shifts doubtless influence the level and dynamics of return on capital, but

in the period being examined, branches of the infrastructure distinguished by a significantly higher capital intensiveness have grown slower than all material production. Electric power engineering, extractive industry, metallurgy, and pulp and paper industry -- branches with a higher capital intensiveness -- have also grown slower than all industrial production. This signifies that structural factors have facilitated growth in the average level of return on capital (not reduction in it) during this period. Consequently, it is not a question of such factors but of organizational conditions, of excessively long time periods for construction and utilizing new assets, of plan imbalance.

Production Structure and Organization -- Content and Interaction

Structure and organization are the main characteristics of social production. Structure determines the opportunities for actualizing its basic goals. Relying on analysis of trends which have developed in the structure of social requirements and on forecasting foreseeable trends and also with consideration of the possibilities of the modern scientific and technical revolution, /structural policy/ is called upon to define the substance and most important proportions which combine the basic elements of social production:

- the technical level and structure of the end product of branch complexes and production facilities and its relationship to the demand structure;

- the technical level and structure of the use of raw and other materials for each production complex;

- the structure of labor expenditures in the national economy and the proportions in the use of labor resources;

- the proportions combining the basic branches, subbranches and production facilities which ensure high rates of expanded reproduction, the prescribed structure and amounts of end product, protecting the amounts and qualitative characteristics of production end results, the necessary technological progress, and the level and proportions in developing branches of the infrastructure;

- the technical level and progressive ratios in developing the basic functional elements of production -- power engineering, means and objects of labor, technology;

- the most rational and progressive regional proportions in developing branches, subbranches and production facilities.

Organization is an active force which transforms these opportunities into actuality, into practice.

The first and most important aspect of social organization of the production process is organizing the functioning of productive forces. This includes appropriate distribution and cooperation of functions and labor, combining them efficiently, shaping the most appropriate and economical ties between personal and substantive elements of production (at all its hierarchical levels) in time and space.

At the level of the primary production unit, this is expressed in organization of the production process directly. It encompasses:

shaping a rational enterprise organizational-production structure adequate to the features of the branch;

the system of intraplant specialization and cooperation among production sectors and shops;

progressive, economical and sufficiently thorough spatial production organization -- spatial lay-out of workplaces, sectors and shops, ensuring the most economical routes for objects and products of labor to travel during the production process;

introducing flow line methods of production process organization.

The organization and function of auxiliary services, creation of an appropriate organizational structure for production management and labor organization are also included in this complex.

The creation of progressive production organization was anticipated in the design of the Volga Automobile Plant in Tol'yatti. This practice is still very far from having received broad dissemination.

Production organization in the primary link is closely linked to the organization and structure of branches and to their level of specialization. The specialized production of interchangeable equipment parts and subassemblies, specialization of tool production and especially of technological equipment production, the development of specialized repair services and creation of machinery service, development of business services industry -- all these branch and interbranch decisions directly influence production organization and structure at the enterprise, shop and sector.

Beyond the primary link, at the branch level, production organization is expressed in continued progress in labor cooperation and division, in the creation of economical forms of production facility and enterprise specialization and cooperation, of combining and (on precisely this basis) concentrating production which ensure a high and systematically growing technical level and quality of both production itself and the end product.

At the national economic level, this process is linked to the tasks of balancing plans, creating reserves and every condition for the flexible functioning and steady progress of production.

A second group of organizational problems encompasses the shaping and functioning of /systems and indicators of planning and accounting, criteria for evaluating economic activity results/, the limits of cost accounting operation, principles and systems for stimulating production participants and other elements of the economic mechanism, as well as principles and forms of organizing competition among worker collectives.

A third group of problems is linked to production management:

the division and appropriate distribution of functions and responsibilities for planning and managing resources and the process and results of production, including legal aspects;

the organizational structure of management and the management apparatus;

the functions, rights and responsibilities of the production unit, associations, ministries, USSR Gosplan, regional agencies, and branch subdivisions of the party apparatus;

the role and forms of participation of each of these links in organizing the processes of productive forces functioning.

Development of the enumerated organizational problems is of both practical and theoretical importance. All of them as a whole and each individually are directly linked to the interrelationships among people in the social production process. They act as threads connecting the various elements of productive forces and also connecting productive forces and production relations by defining their combinations and interactions during social production and the magnitude of its end results.

In his "Next Tasks of Soviet Power," written after nationalization of the most important means of production, V. I. Lenin put forward as the central and most primary task the "actual collectivization of production." The present stage of development of our economy, the gigantic resources of socialist production and the ambitious tasks of building communism require a new and higher stage and level of labor division and cooperation, of production concentration and specialization, of systematic orientation of producers towards satisfying the needs of consumers. This will also be a higher level of the "actual collectivization" V. I. Lenin spoke about.

Organizational-Structural Reserves and Overcoming Inertia Tendencies

In the economy of our country, which possesses a mighty economic potential, major multibranch material production and which meets nearly all its own needs for fuel, raw and other materials, there naturally exists an enormous inertia of historically evolved capacities and production structure and organization. Up-dating this enormous potential demands long-term mobilization of large production resources which are created in the process of using this same production apparatus.

The systematic actualization of a progressive technical and structural policy in investment programs, full and intensive use of the available production apparatus and reinforcement and expansion of state reserves create objective requisites to overcoming inertia forces. We take inertia forces to mean the striving of branches for "self-reproduction," continuing to produce accustomed, mastered means of production, to preserve the accustomed structure of production and end product which ensure the accustomed conditions of functioning, including the accustomed bonuses. In order to overcome inertia, we require a system of incentives which will make up-dating a vital necessity for the producer. Within the framework of socialist production relations, the basis of such incentives is, in our view, the creation of conditions which guarantee the consumer a /freedom of choice/ and, in so doing, which force the producer to improve and up-date his output.

We have not yet created such a system. The CPSU Central Committee and USSR Council of Ministers Decree of 12 July 1979 set the task of creating the

most important requisite of freedom of choice, planned formation of adequate reserves at all stages of the reproduction process. The reference is to creating that "constant, relative reproduction" which is necessary, in K. Marx's opinion, after eliminating the capitalist form of reproduction. "On the one hand," writes Marx, "a certain amount of basic capital more than is directly necessary is produced, and on the other, a reserve of raw and other material above immediate requirements in a given year is created (this applies in particular to means of living). This type of reproduction is equivalent to society's controlling the material means of its own reproduction."¹

The creation of such reserves was outlined in the CPSU Central Committee and USSR Council of Ministers decree. It cited as being among the most important measures to raise the level of national economic planning work the formation of material and financial reserves necessary for the proportional and balanced development of the economy, including production capacity reserves.

Retention of the current technical level and structure in means of production now being created is also associated with the now traditional deficit of means of production, with the practice of compiling plans in which adequate production reserves are not anticipated. Plan imbalance is quite widespread, which is essentially nothing more than "planned" deficits. The consumer "voraciousness" it unavoidably generates eliminates any incentive for producers to match consumer interests and overcome the forces of inertia. Such a situation practically reduces to nil opportunities for creating an atmosphere of natural selection and genuine feedback, especially and foremost in the production of means of production; it correspondingly restricts incentives to develop and produce fundamentally new means of production.

Plan imbalance exerts both a direct and an indirect influence on the functioning of social production. It rarely worsens the use of available national economic resources, but often leads to freezing them. And the use of labor resources worsens.

Plan imbalance and the associated exacerbation of the deficit in the production sphere substantially hinder the functioning of the economic mechanism and the use of commodity-monetary relations. No sanctions for failing to meet deliveries will be effective if the plan is not materially provided for in full. Many needs of superior agencies and their administrative decisions will turn out to be unsupported, as this imbalance underlies them.

Plan imbalance also nurtures write-ups. At the same time, plan balance naturally assumes adequately accurate information and consequently dictates the necessity of fully eradicating artificial inflation of the actual results of economic activity. Write-ups exert quite a large disorganizing influence and lead to substantial negative consequences of a social nature. Economic information distorted as a result of write-ups facilitates making unsubstantiated economic decisions. The obvious failure of the actual production results the enterprise collectives see to conform to the declared

1. K. Marx and F. Engels, "Soch." [Works], Vol 24, pp 532-533.

results has a demoralizing effect on workers, reduces labor discipline, worsens attitudes towards labor, and negatively influences attitudes towards socialist property. The existing incentives system often incites the administration and collective members to adjust results to fit the norms which must be met for bonuses to be awarded.

That is why so much importance is attached to the fact that the CPSU Central Committee and USSR Council of Ministers decree outlines a whole system of measures to improve balanced national economic development. The new procedure for compiling annual plans on the basis of five-year assignments and economic normatives will arouse enterprises and associations to take on taut plans.

There is also considerable inertia in the area of the organizational structure of production. It is associated foremost with the historical level of development of far-flung interbranch cooperation, with the very inadequate attention which has been paid all these years to the time factor in the economic mechanism system, and with the weak sanctions which have inevitably been imposed for failures to meet cooperative delivery schedules. These tendencies were intensified by backwardness in developing the infrastructure, and foremost transport. During both the prewar and post-war years, the infrastructure was developed considerably slower than material production, not to mention outstripping it, which is the obligatory norm under modern conditions.

Thus, we think the following should be the answer to the question posed of ways of overcoming the gap between resources dynamics and production results.

Along with the necessity of further systematic improvement in the technical level of all branches of production and of all means of production being produced, as well as consistent growth in production resources, it is very important in terms of potential and long-term sources of economic growth and increased production efficiency that:

- organizational-structural conditions and reserves be used;

- a more intelligent production structure be developed for production as a whole and for its most important subsystems and complexes;

- social production organization be improved at all levels and, on this basis, that there be fundamental improvement in the use of existing and newly discovered resources.

/Let us examine organizational problems first/.

Dissolution of Branches in Ministries and Departments, Problems of Production Specialization and Concentration.

After the September (1965) CPSU Central Committee Plenum and restoration of the branch principle of management, there occurred a rather intensive process of branch dissolution in ministries and departments, each of which tended toward transformation into a unique "department store." That naturally affected the level of production resources use, the rates and

effectiveness of scientific and technical progress and the development of applied scientific research. In his report at the 25th Party Congress, L. I. Brezhnev noted that the striving of many economic leaders for self-reliance had generated violations of planning and contract discipline. "But we must combat this," said L. I. Brezhnev, "by increasing discipline, not by encouraging the trend towards an in-kind economy and departmental limitedness."

All industrial experience in the second half of the 20th century demonstrates that conditions for genuinely revolutionary technical resolutions are created only by systematic specialization, by the isolation and high concentration of production of similar output or production services.

One of the primary reasons for the above-mentioned failure of production results to conform to the volume and dynamics of production resources is the very fact that a very significant and even increasing part of the resources is being used under conditions other than the concentrated, specialized production of similar items and services and similar technological processes, and not within the framework of specialized branches and highly developed corresponding production standards, but rather at the enterprises "belonging to" numerous ministries and departments, in the auxiliary and servicing shops and production facilities "belonging to" various branches of our economy, that is, outside the culture of a given branch, in a medium foreign to a given type of production.

This situation and those consequences to which it leads can be examined comprehensively in the example of machine building. The choice of machine building is justified both by the pivotal importance of this complex in solving all the most important tasks of building communism and by the fact that organizational-structural problems are reflected most prominently in machine building.

Machine Building Practice (Organizational Aspects)

Based on the policy adopted by the 25th CPSU Congress, the end results for whose attainment machine building is responsible are not simply the production of equipment (of high quality, naturally), but the comprehensive re-arming of the production apparatus and the creation of material conditions for its effective functioning, that is, the minimization of resources needed not only to produce equipment, but also to service the production apparatus in all machine-consuming branches, including machine building itself, and to ensure its uninterrupted functioning.

That signifies that, in evaluating machine building, we need to take into consideration not only the resources of metalworking equipment, metal and labor which are associated with the production of machines, but also expenditures of all resources on servicing, repairing and operating that equipment. Such an approach is necessary because it is precisely the aggregate of machinery production and servicing which determines the load and expenditures on the economy in connection with machine-building activity. The

principles of socialist planning and the very unfavorable actual economic situation which has developed in this field make precisely such an approach necessary.

Three Machine Buildings

At present, three machine buildings have actually developed historically in this country: the machine-building plants of machine-building ministries; the machine-building plants of nonmachine-building ministries and departments; the machine and machine-repair shops and subdivisions in nonmachine-building enterprises. The first and second types include only slightly more than half (55 percent) of the total number of machine tools available.

In a number of instances, this is what happens. Coal machine building was "transferred" to the Ministry of Coal Industry. It would seem that these enterprises do what the consumer needs done and when he needs it done. In fact, a somewhat different situation obtains. As in many other similar situations, the problem of being consumer oriented is solved here by converting a consumer of output or services into a producer of same. As a result, we get the in-kind economy, primitive in nature, inefficient and unsatisfactory in terms of the quality of the output produced, which was discussed by the 25th CPSU Congress. The necessary and sole appropriate solution is to orient producers towards consumers, careful and creative study by producers of the directions of technical progress and of all needs in the consumer branches, active cooperation with consumers in the creation and introduction of new equipment, and guaranteed assistance to them in its utilization and operation.

The effectiveness of machine building and the degree to which equipment consumer needs are met depend not only on a knowledge of technology and the directions of progress in the equipment consumer branches, but even more on the technical level, technology and organization, technical progress and standards of machine-building production itself.

The above-indicated "second" machine-building complex is outside the sphere of impact of a unified technical policy, outside the technical progress in machine-building technology and organization, in terms of the logic of its organization. In their own ministries and technical administrations (Ministry of Coal Industry, Ministry of Ferrous Metallurgy, and so forth), these enterprises obviously have customers and not technical leaders, not specialists in the field of machine-building production. As regards scientific and technical progress in the field of machine building itself as a whole, these enterprises unavoidably, we think, are gradually becoming provincialized.

Calculations for 29 branches of machine building testify to the ineffectiveness of such an organizational model: at machine-building plants part of "other" branches or branches which are not machine-building at all, labor productivity is 20 percent lower and return on capital 25 percent lower than at enterprises "belonging to" machine-building ministries.

As a result of the organization which has evolved in the equipment production and repair sphere in the USSR, that sphere employs about 20 million people and uses more machine tools and forging-pressing equipment than the USA, Japan and the FRG combined. The specialized machine-building ministries are called upon to create the material basis for scientific and technical progress in corresponding branches of production and have available to them a considerably smaller stock of metalworking equipment than do many branches consuming that equipment. This distortion worsens the quality of the equipment being created and the conditions under which it is used and it reduces the effectiveness of social production.

The same situation also exists at the plant level. At large and especially at new plants, billet shops are large and are provided with completely modern equipment. However, it turns out in fact that even these "own" production facilities serving just a particular plant and therefore producing a very broad products list for it have a lower productivity than plants similarly equipped but producing a narrow products list of items.

The "law" of self-support and the striving for one's "own" facilities have a stronger effect than all efficiency criteria. It is known that our large automotive plants produce large and quite complex machine tools themselves (including frame casting, which "helps" lower the productivity of their foundry production facilities) and even "develop" these facilities. Thus, the "in-kind economy" turns out to be compatible with the equipment of the era of the scientific and technical revolution! Machine tool building can hardly be improved on such a basis.

Machine-building basic, billet and auxiliary production facilities continue to be scattered among departments and enterprises. The reference is to subject-specialization shortcomings. Twenty-two plants of the Ministry of Heavy and Transport Machine Building produce 17 percent of the lift and transport equipment, but the remainder is produced at 400 plants of 35 other ministries and departments. One hundred fifty-five plants of the Ministry of Construction of Road and Municipal Machine Building produce 82 percent of the road-building and municipal-services equipment, but the remainder is produced at 400 enterprises of other branches. The Ministry of Chemical and Petroleum Machine Building creates heat-exchange equipment at 14 plants, column equipment at 12 and tank equipment at 15. Nearly all machine-building enterprises manufacture gears to meet their own needs; 65 percent of the metal fasteners are manufactured in decentralized fashion, "by ourselves, for ourselves." All this is produced in small lots at higher prime cost.

Centralized billet production does not exceed three percent of the total, including 4.5 percent of the castings being centrally produced. There are thus far no forging-pressing plants in the USSR specialized to produce forgings and stampings. Upwards of 6,000 enterprises, shops and sectors with small outputs are engaged in manufacturing iron and steel castings and forgings. Annual production volume does not exceed 1,000 tons at more than half the enterprises producing cast iron products. Nearly half the enterprises producing cast steel items have annual outputs of less than 500 tons. Such

production volumes practically exclude any possibility of using progressive equipment effectively.

The fact that interbranch production enterprises in the USA meet 70 percent of the total demand for castings, 70 percent of the demand for ferrous metal forgings and about 50 percent of the demand for forgings and hot stampings merits attention. The 1972 U. S. industrial census delineated a special branch producing motor vehicle stampings: in 1977, some 579 enterprises, 132,000 workers, and sales of \$9.7 billion.

Specialized tool and technological equipment production is extremely poorly developed here. In 1974, the available metalworking equipment at specialized tool plants numbered approximately eight-fold fewer units than that available in the tool shops of machine-building plants. The ratio of number of workers in tool industry to number of workers in the tool shops of machine building was 1:6 in 1974; the proportion of tools produced at specialized plants of the Ministry of Machine Tool and Tool Building Industry was only about 40 percent.

There are practically no machine-building plants and associations for producing only particular pieces of nonstandard technological equipment and special types of equipment on order for enterprises, scientific research institutes and branches. The departments of the chief machinist or other subdivisions of consumers of this equipment occasionally concern themselves with meeting these needs, spending enormous resources of equipment, materials and labor to do so. This practice is particularly inefficient for non-machine-building branches remote from machine-building production standards.

In consumer goods production, individual sewing shops meeting the nonstandard needs of customers are widespread. In the production of means of labor and technical means in general, the creation of similar enterprises is even more necessary.

Many proponents of the situation which has developed cite the fact that the large concerns of the developed capitalist countries quite often manufacture machine tools and other types of technological equipment for themselves. This is viewed as analogous to our in-kind economy. This practice does in fact exist, but two circumstances must be taken into account. This is often equipment being produced entirely by specialized (although small) machine tool building plants which belong, for example, to an automobile concern. Or, as happens more often, the concern actually produces a particular machine tool for itself, but relies on a spectrum of small machine-building plants which are functionally specialized, which are skilled at producing a variety of functional equipment components which can be assembled in any variant depending on the needs of the customer. And that is something quite different from the in-kind economy current in our industry.

It is sometimes said that the present structure and direction of machine-building development are more expensive but more reliable. In our view, this is a thoroughly mistaken position. While spending a great deal of

resources, our machine building is still not solving many of its most important tasks and is beginning to retard the solving of a number of fundamental problems of further developing the national economy.

It is quite evident that the continued long-term development of machine building along the old path will demand such labor and material resources as society will simply be unable to allocate. New technical and organizational resolutions are needed.

Managing the Machine-Building Complex

Upwards of 20 union ministries with no territorial agencies manage machine-building plants of "first" machine building. Moreover, there are several dozen nonmachine-building ministries managing enterprises of so-called "second" machine building. Machine shops and production facilities forming "third" machine building are basically not coordinated and are scattered among thousands of enterprises of nearly all the nonmachine-building ministries and departments.

There are presently no state agencies except the USSR Gosplan to coordinate machine building operation or territorial agencies to provide regional machine building management, and their creation is not being planned, although repeated proposals have been made to do so. There are also no branch institutes for machine-building technology, organization and economics.

The principles of shaping the machine-building ministries themselves also merit critical review. They are all oriented basically towards subject-branch specialization, towards the creation of equipment for consumer branches: Ministry of Machine Building for Light and Food Industry, Ministry of Tractor and Agricultural Machine Building, Ministry of Machine Building for Animal Husbandry and Fodder Production, and so on. Exceptions are the Ministry of Electronics Industry and the Ministry of Instrument Making, Automation Equipment and Control Systems.

This principle does have its advantages, in that it enables us to create machine systems for technically equipping branches and to have agencies answerable for solving this task. But in its actual embodiment, this principle is becoming a certain obstacle to scientific and technical progress as well, inasmuch as a machine system includes a broad spectrum of technical installations which differ in their principles of operation, in design and in the technology of their production.

At the same time, our modern scientific and technical progress has been characterized by just such a combining of rapidly growing diversity of technical installations, expansion of their assortment and the increasingly frequent replacement of models with a systematically increasing selection of identical or similar functional subassemblies and parts common to the most diverse machines and machinery. This concerns motors, transmissions, reducers, hydraulic drives, cooling and control systems, bearings, fasteners, electronic equipment, and so on.

This homogeneity and similarity merits attentive study and scientific research (in which our machine building is involved unjustifiably little) and cultivation, because they offer a key to solving the most critical economic problems of scientific and technical progress: combining a growing diversity and frequency of replacement of models with opportunities for using the economic advantages of mass production.

Under these conditions, we must strive for comprehensive development of the branches which can and must become the basic ones in a progressive machine-building structure, functionally specialized branches providing a variety of technical installations for all associations and ministries ("own" and "others") with functional subassemblies and parts. Such a structure, if adequate to the trends of scientific and technical progress, will also be a catalyst for it. All experience in the modern highly developed countries proves convincingly that genuinely revolutionary technical resolutions arise under conditions of the functional isolation and specialization of a particular type of production, of a strictly functional approach to design and technological resolutions.

The organizational structure of machine-building management needs functionally specialized associations. They will represent the highest forms of interbranch production and will be able to comprise a special, extremely necessary state agency to run interbranch production facilities.

Given such structural links, associations (even ministries, given the present structure) structured on a subject-branch principle would not be forced to maintain and cultivate an in-kind economy. The machine systems they produce will be able to be combined following a unitized principle from basic and purchased functional subassemblies. A necessary requisite to solving this complex of tasks intelligently is standardization and normalization, which are mandatory at the branch and ministry levels and which are systematically promoted at the interministerial, general machine-building level.¹

The interrelationship between the organizational structure of production and its regional structure and organization is exhibited especially clearly in the large machine-building centers. Given existing conditions in the regions, there is no entity which has the opportunity and right to develop regional cooperation and specialization. Continuous branch, or more properly departmental, production organization, when its vertical lines intersect in

1. It should be noted that the level of subassembly standardization is still extremely inadequate, even in tractor and automotive industry. Given very close basic parameter values of the base models of two related classes of multipurpose plowing tractors, the MTZ-50 and M-40, the standardization level is 2.7 percent. As a result, the products list of unique parts and subassemblies supplied agriculture is 323 and 346 items, respectively, for these tractors. For example, the poor standardization between the AvtoZIL and AvtoGAZ, which produce trucks of similar load capacity, can hardly be considered appropriate.

a large machine-building center as at a focal point, reveals its inadequacy and one-sidedness.

Analogous situations have evolved in lumber industry, in building materials industry, in motor transport and in other branches. This testifies to a certain lag in social production organization behind growth in its scale and in the complexity of its ties. The tendencies towards self-sufficiency and towards "own," in-kind economy overgrowth are in the final analysis a reaction to the inadequate orientation of the ministries and of each enterprise individually towards meeting the interests of the consumer, which is in no way the "collectivization in practice" about which V. I. Lenin wrote.

Associations Still By No Means Always Make Fundamental Changes in Production Specialization and Concentration¹

The work experience of associations provides quite a few examples in which a significant impact has been obtained without large capital investments thanks to improvement in production organization and foremost in plan and shop specialization, equipment regrouping and redistribution of the assortment of output produced. At the same time, the formation of associations is often transformed primarily into an administrative reorganization of several plants and factories within the framework of the exact same departmental division. When the bases of the previous production organization are retained, financial funds and administrative functions are centralized, but questions of specialization and concentration do not find new and more effective resolutions.

Inefficient self-supply in many types of output is characteristic of many associations. The use of production capacities and premises to produce a broad products list of items with various specifications limits opportunities for growth in basic production. This trend towards retaining and even expanding "own" auxiliary production is perceptible.

The productivity of many types of modern equipment exceeds the requirements of 2-4 plants comprising an association. In order to ensure the efficient use of such equipment, it is appropriate in a number of instances to form associations as unclosed complexes which include subdivisions which supply their own output from outside. Only such an "open" association organization can help achieve the national economic optimum.

The transformation of associations into consolidated, basically self-sufficient units with their "own" in-kind economy and the rise of an archipelago of such "islands" can hardly advance our economy along the path of radical improvement in efficiency. The sole correct course in developing associations was indicated in the July (1979) CPSU Central Committee and USSR Council of Ministers Decree: "Take systematic steps to specialize and consolidate production, centralize auxiliary and subsidiary services and the administrative functions of the enterprises and organizations being combined."

1. Materials from Candidate of Legal Sciences Yu. V. Subotskiy were used here.

Dual Role of Branch Ministries

On the one hand, the ministry is called upon as a state agency to reveal development reserves, ensure their mobilization, and create optimally taut plans. On the other, it is actually an operational-responsible executive agency and as such sometimes strives to increase needs for state resources, to understate its own opportunities and reserves, and sometimes, to a certain extent, to embellish indicators describing production results.

By performing inadequately their role as state branch centers, the ministries sometimes facilitate attempts by enterprises and associations to understate plans, adjust them, and sometimes antedate them, and so forth. Given such a situation, the branch ministries sometimes turn out to support in some measure this type of tendency in the branch associations and at enterprises.

(Conclusion follows)

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